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FBIS-LAT-96-066
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April 1996

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Daily Report
Latin America

FBIS-LAT-96-066 *4 April 1996*

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Inter-American Affairs: MOMEP, Guarantor Officials Meet

PY0304145796 Madrid EFE in Spanish 0311 GMT 3 Apr 96

[FBIS Translated Text] Lima, 2 Apr (EFE) — The ANDINA news agency has reported that ambassadors from guarantor countries of the Rio de Janeiro Protocol met today in Lima with members of the Ecuador-Peru Military Observers Mission (MOMEP).

During the meeting, which lasted two and a half hours, they discussed the inclusion of changes in the Manual of Military Procedures, the proposal to extend the zones controlled by the MOMEP, and the next meeting between the Peruvian and Ecuadoran military commanders.

Present at the meeting of the ambassadors and military chiefs of the guarantor countries, which was held behind closed doors at the Brazilian Embassy, was the MOMEP coordinator, Brazilian General Francisco Roberto de Albuquerque, and the military liaisons from Peru and Ecuador to the MOMEP III, Generals Daniel Mora Zevallos and Cesar Durand, respectively.

Also present at the meeting were the ambassadors of Chile, Carlos Martinez Sotomayor; of the United States, Alvin Adams; of Argentina, Arturo Osorio Arana; and of Brazil, Carlos Coutinho Perez.

Present in addition were the military observers from Peru and Ecuador who are members of the MOMEP, Victor Olivari and Jorge Brito, respectively.

Upon leaving the Brazilian Embassy, Ecuadoran military observer Colonel Cesar Durand, in brief remarks, said that the meeting was held within a normal climate.

Previously, in the morning, the MOMEP coordinator general, Brazilian General Francisco Albuquerque, headed the last working meeting of the MOMEP's Superior Consultative Committee, also at the Brazilian Embassy, in the Lima district of Miraflores. During this second and last meeting, a report was reportedly prepared to be submitted to the governments of Lima and Quito.

Peru and Ecuador are engaged in a peace process following the undeclared law they waged because of border disagreements from 26 January and 28 February 1995, in the Amazon valley of Cenepa.

Inter-American Affairs: Energy Firms' Integration Viewed

PA0204153096 Caracas ECONOMIA HOY in Spanish 29 Mar 96 p 16

[Report by Jose Enrique Arrioja]

[FBIS Translated Text] The possibility that the countries in the American continent may enter a new trade integration phase based on oil, gas, and hydroelectricity could favor the flow of new investments to the energy sector and provide new opportunities, as well, for all the nations involved.

During yesterday's installation of the first technical meeting on oil, Venezuelan Petroleum Inc. President Luis Eduardo Giusti explained that these benefits are part of the immediate results to come from a budding process and highlighted the opportunities that a continental energy integration could bring. The meeting pioneers an initiative "decreed" during the December 1994 Summit of the Americas.

The meeting, which is scheduled to conclude today, is being attended by representatives from nine countries, and 13 oil companies from around the hemisphere, as well as representatives from the World Bank, the U.S. Department of Energy, and the Latin American Energy Organization [OLADE], among others. It is an effort to begin talks on common ground in a continent with a daily oil deficit of 5 million barrels, which is expected to grow to 10 million barrels by the year 2010.

The number of people attending the meeting is certainly small compared to the importance of the results stemming from the talks. Still, delegates have come from Argentina, Bolivia, Brazil, Chile, the United States, Guatemala, Mexico, Nicaragua, and the host country of Venezuela.

But another product of integration will be the necessary opening of countries to foreign investment, a point stressed by Evanan Romero, deputy minister of energy and mines, during his speech at the meeting. "The type of cooperation we have in mind is based more on trade than on political aspects, as the opening and this type of integration abandon the old state monopolies," also referring to Venezuela and its policy of deregulating oil investments.

Talks will center on the ways to make the expected integration a reality.

Advantages and Obstacles

Giusti gave reporters an initial example.

[Giusti] If we take the case of Venezuela and the United States, we sell almost $8.5 billion a year to that

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country and counterpart U.S. companies sell us about $1 billion in goods and services. It is a trade platform for integration, and what we have to do is expand on it to include the Latin American countries. I can picture having mechanisms that will guarantee the availability of funds for energy development projects around the continent, such as the expansion of supply networks, for example.

[ECONOMIA HOY] Could this lead to a special financing organization?

[Giusti] Yes, it is possible. I have discussed with Minister Erwin Arrieta the possibility of proposing the creation of an Inter-American or world organization that could serve to finance energy projects.

Among the common elements in the process are the growing investment needs, the expected economic growth, especially in Latin America, and the growing demand for oil, among others.

Giusti also gave a briefing on the obstacles to continental trade, such as the geographic distances, which allow the countries in the south to buy cheaper crude from the Persian Gulf than from Venezuela. "But that is why we are here to find common procedures for establishing integration mechanisms."

OLADE's Proposal

The first results came after the morning session, as a proposal by OLADE presented a new system to tally oil reserves known as Super/Oil and Gas [preceding four words published in English], which won the support of all those in attendance.

The new tallying method seeks to unify views on the matter and be a useful tool to make oil industry decisions. Although the idea is still a project, OLADE will soon seek the funds to implement it, and make it available to the countries, and public and private companies.

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Cuba

Cuba: Culture Minister Cautions Against Helms-Burton Law

PA0404043696 Havana PRENSA LATINA in Spanish 1735 GMT 2 Apr 96

[FBIS Translated Text] Managua, 2 Apr (PL) — Cuban Culture Minister Armando Hart has urged all the people who love democracy, liberty, and independence to think carefully about the meaning of the Helms-Burton law, which he described as a highly dangerous neocolonial experiment.

In an exclusive interview with PRENSA LATINA, Hart recalled that, at the end of last century, the United States implemented in Cuba the first experiment of this nature when it intervened in the war between the island and Spain, and now, he added, it is working on applying more pressure in the framework of an inveterate and long-lasting history of aggression.

On the eve of the year 2000, Washington wants to start a new, harsher, and more brutal form of exploitation, and not just Cuba is being threatened, he said. I refuse to believe, he noted, that my country is believed to be so important and to have so much weight in today's world as to justify a crisis of this extent between the United States and the rest of the world.

In a recent visit to Nicaragua, Cuba's culture minister said that the U.S. law promulgated some weeks ago by President William Clinton breaks the legal and political basis of civilization, and this has drawn worldwide rejection.

Hart, one of Cuba's most enlightened thinkers, said: The United States, in trying to isolate Cuba, may be isolating itself. As he sees it, the world cannot be governed using these methods and this style because the result would be chaos.

The U.S. ultraright is experimenting with a post-modern fascist-like system of exploitation. If we do not check this maneuver in a timely manner, he said, the fascism of the 1930's and 1940's will be thought of as a marginal point of reference, a slight symptom of something infinitely more serious.

In his opinion, if this tendency wins, it will be impossible to say what path history will take in the 21st Century.

When asked how the Cubans are going to face the tightening of the U.S. blockade, the minister said: with a timeless spirit and with intelligence.

This means, in his opinion, implementing measures to encourage the development of the economy and, at the same time, a broad international campaign of denunciation.

What is most important is to maintain the country's unity and to strengthen all the links of society, especially the people's power organizations, he said. They will have no success in Cuba; we are going to resist firmly, he stated.

As Hart sees it, the Helms-Burton law somehow reflects a certain degree of impotence. A big and powerful country like the United States that claims to have no equivalent, he said, has not been able to reach an understanding with a state that only wants respect for its sovereignty and independence.

In an analysis of the consequences the Helms-Burton law could have on the Cuban people, Hart said that the worst part is not the effects of the law but the heavily criminal intention of the United States.

Hart said that the intentions go against all human rights principles. They propose to drown us, to asphyxiate us, and we are working to reduce the effects to a minimum, he said.

Regarding the points of the law that call for returning nationalized property to former owners, the Cuban minister explained that these properties are in the hands of the people in the form of residences, hospitals, and schools.

The idea is irrational, he said after indicating that nowadays the Cubans are firmer than ever in their decision to vigorously defend what is theirs.

In discussing the incursion into Cuban airspace by two planes that were downed by Cuba, Hart said that no country that respects itself can accept the systematic violation of its territory by planes from a nation that has declared itself an adversary.

We were very patient, he argued. They have repeatedly violated our territorial integrity, and we informed the U.S. authorities about it through the United Nations, but violations continued, he noted.

The downing of the two planes of the counterrevolutionary Brothers to the Rescue organization was used by Washington as a pretext to promulgate the Helms-Burton law aimed at tightening the blockade imposed against the island almost 35 years ago.

In Hart's opinion, this air incursion was the result of an alliance between the most reactionary sectors of the Cuban emigration and the U.S. ultraright.

The Cuban minister, whose presence in Nicaragua has produced a big impact in intellectual circles and the media, attended the eighth forum of culture ministers and leaders of Latin America and the Caribbean, which

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for the first time took place in a Central American country.

The tightening of the blockade against Cuba and the alleged reasons that unleashed this decision drew the attention of representatives from several countries who denounced the extraterritorial effects of the Helms-Burton law, a measure they described as inadmissible and irrational.

Cuba: Minister Comments on Meeting With Mexican Deputies

PA0304151896 Havana Radio Rebelde Network in Spanish 1255 GMT 2 Apr 96

[Telephone interview with Foreign Vice Minister Jorge Bolanos, place not given, by Jose Mayo from the network's studio in Havana; from the "Doing Radio" newscast — live]

[FBIS Translated Text] [Mayo] Cuban Foreign Vice Minister Jorge Bolanos is on the telephone. He is visiting Mexico as part of a tour of several Latin American countries to explain Cuba's position on the Helms-Burton law.

Bolanos, we want you to comment on the results of a meeting yesterday with members of the Foreign Relations Committee of the Chamber of Deputies of Mexico.

[Bolanos] It was a very auspicious meeting, because the plenum of the Foreign Relations Committee of the Chamber of Deputies of Mexico was present. The various parties—that is, the PRI [Institutional Revolutionary Party], the Party of the Democratic Revolution, and the PAN [National Action Party]—were represented.

What called our attention is that the resolution that was handed to me was unanimously approved. It assesses the hostility the U.S. Government has subjected on Cuba for the past 37 years. The resolution also criticizes the most recent attempts to intensify the blockade, specifically the Helms-Burton law. It sends greetings of solidarity to the Cuban people, has reaffirmed its friendship, and has stated the Chamber of Deputies' has rejected this law representing the Mexican people.

Representatives of this committee from various parties spoke during the meeting. They have promised the committee will attend the Interparliamentarian Union meeting in Ankara and will support Cuban deputies at this world forum to facilitate approval of a rejection of the Helms-Burton law.

[Mayo] I understand you will meet with the Mexican foreign secretary today. What can you tell us about this meeting?

[Bolanos] I am certain this meeting will be among the positive meetings we have always had with Mexican authorities, with Foreign Secretary Gurria himself, who in his capacity as foreign secretary is knowledgeable about Cuba, and he has voiced his support to Cuban positions on more than one occasion.

Cuba: Russian Delegation To Develop Links With Congress

PA0404040896 Havana PRENSA LATINA in Spanish 1558 GMT 2 Apr 96

[FBIS Translated Text] Moscow, 2 Apr (PL) — Today, a delegation representing the Russian Duma — the lower house of Congress — was designated to visit Cuba in order to reestablish and develop links with the Cuban National Assembly of the People's Government [ANPP].

Communist Party Deputy Vitaliy Sebastiyanov will head the delegation, which will arrive in Cuba on 4 April for a seven-day visit.

Sebastiyanov told PRENSA LATINA that the visit is aimed at continuing the bonds of friendship, which have been established for more than three decades with Cuba.

Sebastiyanov added that the delegation will hold meetings with ANPP leaders to consolidate interaction mechanisms and extend cooperation between both organizations, which drifted apart after the Soviet Union's collapse.

Deputy Ivan Anishkin from the opposition faction Power to the People [Poder al Pueblo] and Alexey Tiyagunov from the party Our Homeland Russia [Nuestra Casa Rusia] of Prime Minister Viktor Chernomyrdin are also members of the delegation.

This visit by the Duma delegation to Cuba takes place after a visit by Jaime Crombet, who was welcomed by Duma President Gennadiy Selezniyov.

According to Sebastiyanov, who made contacts with Havana, a Cuban congressional commission is expected to arrive in Moscow, before the announced visit to Cuba of a large delegation headed by Selezniyov in July.

Cuba: Correction to Castro Address to Sugarcane Workers

PA0304173996 Havana Tele Rebelde and Cubavision Networks in Spanish 0130 GMT 2 Apr 96

[Corrected version of a speech by President Fidel Castro at a meeting to discuss sugar production at Peru sugar

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mill in Jobabo municipality in Las Tunas Province on 1 April — originally filed as PA0204194896; explanatory notes describe differences from initial FBIS version]

[FBIS Summary] A 43-minute Castro speech closes a meeting to discuss plans to reach the sugar production goal at the Peru sugar mill in Jobabo municipality in Las Tunas Province. Castro begins by saying that the sugar mill has accomplished many goals. He says that the harvest is ended in the province and that they have worked very hard. He says that rains complicated the harvest, and that the transportation problems also added difficulties. He says that drainage was a problem at some of the mills.

Commenting on the amount of rains in Jobabo, Castro says: "We have seen very little rain, however, here in Jobabo in the vicinity of the Peru mill; this has allowed us to move forward with a strategy that has consisted of transferring machines from the north when work could not be conducted there to the south." He then urges workers to go to other mills to help with the grinding and for brigades to move to help with the work. [adding quote not included in initial FBIS version]

Castro says: "The mills sometimes yield their best in May. We can mill all of that sugarcane. The sugarcane is reportedly very good. There are many fields with over 100,000 arrobas, and they must be milled. All which man can do—it is difficult to find anything man cannot do—will be done so Las Tunas can fulfill its sugar plan, so it can at least mill all its sugarcane; this point is what it is all about.

"It is very important to fulfill the sugar plan at this moment, just as the imperialist policy is increasingly becoming more aggressive, as Jimenez has said, with the implementation of the brutal and genocidal Helms-Burton law. I hope history one day will remember this point only because there was one small country capable of defeating all those laws." [applause]

Castro adds: "We have been defending Cuba's independence, defending that glorious and beautiful flag since 1968. A long time has passed, and it does not matter how much more time may have to pass until that empire, corroded by its contradictions, selfishness, and [word indistinct], gradually ceases to be a hegemonic power. [Words indistinct] however, that hegemonic power backed by thousands of nuclear weapons, airplanes, and everything is not a power. Power belongs to this people who are resisting. [applause]

"What they are doing is not honorable. Honor belongs to this dignified, brave, and invincible people. What they have is not bravery. Bravery for now and always is that which has been displayed by this heroic people. [applause]

"One of our answers should be to work more and more firmly. One of our answers should be to struggle and to increase our economy, and particularly at this time, one of our answers should be to fulfill the sugar plan, because that plan not only has moral importance for our revolution and people but also means economic confidence, because it strengthens other countries' confidence toward Cuba; it strengthens the confidence of those who want to enter into joint ventures with us, to invest in our country through financing and loans. Therefore, much is in our hands. We must give our enemies the right answer.

"We will remain calm. We will not abandon a single front, not one single front. The potato harvest, which is going very well....[pauses] I believe you lost a few potatoes due to the rains, but you will receive potatoes from elsewhere. You are going to be waging a struggle. Potatoes, tobacco, and the rice crops are also beginning to do well. We are working hard on the production of food, vegetables, and [words indistinct] everywhere.

"We must make a maximum effort by working in each province. In public health, every child that we save is a victory for our revolutionary people. Every hundredth of a point by which we reduce infant mortality is a victory for our revolutionary people [words indistinct] less than 10 [words indistinct]. I said less than 10 but did not give an exact figure. We have a reserve. It now stands at 8.5 [words indistinct] is a victory for our people. Every child that acquires more education, discipline, knowledge, and culture is a victory for our people. We must win many gold medals in this Olympics of worldwide embarrassment. [applause]

"Despite the obstacles and difficulties—there was a time when we worked with an abundance of everything—we are working with a shortage of everything, but we are making gradual progress and attaining small achievements. Our economy has grown somewhat over the past year. It should grow more this year, a point which is manifested in [word indistinct]. By approximately 4 April, we will have produced as much sugar as we did last year; therefore, all the sugarcane we mill after 4 April will put us over the amount we produced last year. We will have almost an entire month, May, to work, particularly in the northern regions where the rains are behind by a few weeks.

"I reiterate, however—and I know that when someone touches on the Cuban people's honor and reputation, there is always an answer—that we must all make a maximum effort to fulfill the sugar plan for this harvest and also continue attending to all our other affairs.

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We must not delay the preparation of lands. We must not delay the cultivation, fertilization, replanting, and rehabilitation of the fields and spring seedlings. We must fulfill the new seedings to give them another knock down [preceding two words in English] so they can see we will still complete our harvest [applause], our spring seeding plan, and our agricultural and industrial goals despite all their laws and garbage. We will improve and perfect our industry with machinery. I have a series of ideas pertaining to machinery that I have already discussed at the [words indistinct] mill. It is not necessary to repeat them here.

"Next year, we plan to have 500 new [words indistinct] machines with excellent motors, better motors than the ones we have used in the past. This will allow cutters to cut twice or three times as much sugarcane. We will not need 4,000 machines but, rather, approximately 2,000. We must improve the capacity of our trucks, carts, and tractors. We must have more sugarcane. We must take another leap next year. You can rest assured that this will translate into enormous benefits for the country. Of course, from this sugar we must deduct the necessary amounts to pay our loans. It is logical, first and foremost, to pay our loans." [adding quote not filed in initial FBIS version]

Castro concludes by saying: "If they could see this event in Jobabo through a little hole, they would believe the event is taking place in New York. [applause] They would thus see the unity, strength, and revolutionary awareness of our people. They would tire in the end; they will eventually tire. What we are certain of is that we will never tire." [providing quote not filed in initial FBIS version]

The item ends with the crowd chanting "Socialism or Death" and applauding Castro.

Haiti

Haiti: Preval Comments on 'Debate' Over Privatization

PA0404005796 Port-au-Prince Signal FM Radio in French 1130 GMT 3 Apr 96

[From "The Waking Up Newscast"; passages within slantlines recorded in Creole]

[FBIS Translated Excerpt] Privatization is being talked about more and more in the country. Haitian President Rene Garcia Preval is making straight for [words indistinct] this program.

Prompt measures must be adopted in order to put a brake on soaring inflation, which might strike the country within two or three months, the head of state said during a 2 April visit to the private home of the parents of Christine Jeune, who was killed on 19 March.

Today, the debate is over privatization, but in a short time the subject will be the high cost of living. Therefore, the responsible authorities must adopt corrective measures, stated the head of the Haitian state, who refused to accept any type of pressure, no matter where it may come from.

[Preval] /You see that for the moment a debate is being held on privatization. In two or three months, there will be a debate on the high cost of living, because we will have hyperinflation in the country. So, as a ruler, we must take corrective measures so we can progress on the path we think is best. In the meantime, we are discussing this issue, because on 30 June the fiscal year for the sponsors will be over, and they have their own rules, they have their way of functioning.

/This is why as early as 14 April, while we will be discussing this with sectors of society.... [pauses] For instance, today, we will meet with three unions; tomorrow, we will meet with the presidents, secretaries, vice presidents, and all commissions within the Parliament in order to discuss with them [words indistinct] the same problem. So, you see that we are making concerted action.../

[Unidentified journalist, interrupting] /[Words indistinct] the privatization policy is a deliberate choice, it is not something.../

[Preval] /Let me tell you something: We will not accept dictates from anybody, and I will not let pressure from anyone intimidate me. I do what is good for my country./

Yesterday, President Preval visited the family of policewoman Christine, who was killed on 19 March by strangers under unclear circumstances.

Accompanied by the minister of justice and the general director of the National Police, Preval made this visit to the private home of the parents of Christine Jeune as a sign of sympathy, solidarity, and especially disapproval of this barbarous action, according to the president. This action affects not only the parents of young Christine, but also the National Police and the entire national community.

This is what Rene Preval said at the microphones of the journalists at the conclusion of this visit. [passage omitted]

Rene Preval announced that he is going to devote the entire next week to working on the National Police issue in order to reinforce this institution. [passage omitted]

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Haiti: Radio Announces Creation of New Pro-Lavalas Party

PA0404015596 Port-au-Prince Signal FM Radio in French 1130 GMT 3 Apr 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] The Lavalas partisans are making a comfortable place for themselves on the Haitian political scene. Close friends of former President Jean-Bertrand Aristide have announced the creation of a new political party, the Assembly of the Legitimate Children of the Table [Rassemblement des Enfants Legitimes de la Table, PPLT], referring to the latest political assembly created under the presidency of Jean-Bertrand Aristide.

RPLT leaders Messrs. Gerard Blot and Yvon Rosemond, considered two personalities close to former President Jean-Bertrand Aristide, deny having created an opposition party, while asserting that the legitimate children are not participating in the current government's [word indistinct] of privatization of state-owned enterprises.

[Begin unidentified speaker recording, in Creole] There are several trends; there are also several social groups that are represented. [Words indistinct] gathered the grassroots so we can take care of the fundamental economic questions in a [word indistinct] manner. [Words indistinct] because many people say much work has been done, but there is also much work that has almost been done or that could have been at a very advanced level. We have already said clearly that those who are seated around the table are our political partners.

We have also said clearly that the grassroots, the popular masses, are not represented around the table, and we make it a point of gathering them to sit around the table so as to make sure decisions being made for the masses are not made against the masses. [end recording]

You just listened in turn to Messrs. Gerard Blot and Yvon Rosemond, two eminent figures in this new political group, the newly created RPLT.

They also ruled out any idea of the failure in the last 15 months of Jean-Bertrand Aristide's presidency, citing notably the suppression of the Army and of the rural section chiefs, the creation of a civilian National Police, as well as a school of magistrature, and the eclipse of traditional politicians. The creation of this political party comes nearly two months after Aristide handed power over to his successor Rene Preval on 7 February.

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Mexico: Envoy to U.S. on Beating of 'Fellow Nationals'

PA0304143996 Mexico City XEW Television Network in Spanish 0400 GMT 3 Apr 96

[Telephone interview with Ambassador to the United States Jesus Silva Herzog, place not given, by Abraham Zabludovsky from the network's studio in Mexico City; from the "24 Hours" newscast — live]

[FBIS Translated Text] [Zabludovsky] Mr. Ambassador, what is the Mexican Government doing? To be more specific, what are our authorities in the United States doing to clarify the incident and to punish those responsible for the aggression fellow nationals have sustained in California?

[Silva] Let me tell you that I believe we all saw the video taken from a helicopter. The video has been shown, I believe, around the world. We saw it here in the United States on several occasions. It was probably seen in Mexico. It is a video that triggers anger, ire, and indignation.

The Mexican Government, through the Foreign Relations Secretariat, was very busy on 2 April. The Mexican consulate in Los Angeles held a news conference the afternoon of 2 April during which it voiced the indignation of the Mexican Government over what is considered a very clear human rights violation and an excess of violence.

We here at the embassy have sent a diplomatic note to the U.S. State Department. As Mexican ambassador, I wrote a letter addressed to the governor of California. I wrote another letter to the mayor of Los Angeles and another to the mayor of Riverside, where the incident took place. In these letters, we voiced our indignation and protest over what is clearly a human rights violation and an excess of violence. There is a need to clarify the events and to prosecute those responsible for the incident.

Unfortunately, I believe we could say that the anti-immigrant climate that has prevailed in the last few months is prompting these types of incidents; thus, we in the Mexican Government have insisted time and again that what we need in light of this migration phenomenon is more cooperation and more understanding. As we can see, these types of measures trigger anger not only in us Mexicans but also in many people here in the United States and many other places around the world.

[Zabludovsky] One last question. What guarantee can we have that these police agents who have savagely beat these Mexican citizens who have entered the United States illegally will indeed not only be suspended while continuing to be paid but also punished?

[Silva] I believe the U.S. Government has responded quickly. Governor Wilson wrote a letter expressing regret over the incident, as did the mayor of Riverside. The Justice Department has instructed the FBI to conduct a thorough investigation of this incident.

I believe there will be a need to make justice prevail. Regardless of this point, however, I believe an offense, a negative attitude will remain. In view of this, we will remain very alert. We are aware that this is not the best way to develop good neighbor policies.

Mexico: Human Rights Groups, Officials Reject U.S. Bill

PA0404030496 Mexico City NOTIMEX in Spanish 1855 GMT 2 Apr 96

[FBIS Translated Text] Tijuana, 2 Apr (NOTIMEX) — Human rights groups, authorities, and politicians in Baja California and Sonora States believe that Bill 2202 against legal or illegal immigration to the United States is an aggression.

Baja California Human Rights Ombudsman Antonio Garcia Sanchez said the approval of Bill 2202 represents a stronger and more direct aggression to legal and illegal migrants.

After denying that the bill's approval is "an electoral campaign issue," he deplored the lack of will among Mexican consuls in that country, "given the inefficiency with which demands for defense are fulfilled when human rights are violated."

"There is a basic deficiency here; consulates do not directly assume the legal defense of Mexicans who have a complaint against authorities in another country," he added.

On 21 March, the U.S. House of Representatives approved Bill 2202, known as the Immigration Law for the National Interest, by 33 votes in favor and 87 against. The bill calls for a 75-percent reduction in the flow of immigrants by 2001.

To achieve its goal, Republican Representative Lamar Smith's initiative foresees the construction of triple fences along the United States's border, in zones considered corridors for the crossing of illegal aliens, and to increase the number of border guards to 10,000 in 5 years.

Law 2202 foresees an increase in the fines against employers of illegal aliens, and it increases deportation of illegal criminals and noncriminals, as well as the number of investigations to detect foreigners without a legal permit in the United States.

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The document states that people who illegally remain in that country for a year or more are banned from the United States for 10 years, except those who are married to U.S. citizens or whose children were born in that country.

Jorge Figueroa Gonzalez, mayor of San Luis Rio Colorado, Sonora, said the repressive measures to curb immigration to the United States violate the rights of persons who seek another form of economic prosperity.

"Human beings must struggle for dignity rather than against steel fences or legislative barriers. We must eliminate obstacles in the world so we may all freely circulate, without borders," he said.

Esteban Sanchez, chairman of the Cuauhtemoc Group for Human Rights in San Luis Rio Colorado, said the measure adopted by the United States to curb illegal and legal immigration will lead to an increase in the flow of illegal aliens.

"Evidently, if there were people waiting for their visa to enter the United States before these measures, they will feel that their effort was in vain, and they will opt for illegal immigration," he asserted.

Susana Vidales, representative of nongovernment organizations (NGO's) in Sonora, said the United States "again shows itself to the international community as a country with opposing ideas, because it claims that it champions the protection of human rights."

"The United States sees other people's faults but not its own, interferes in other people's affairs, and it does not realize that people's rights are being violated in its country with the approval of this law," she emphasized.

Bill 2202 proposes the increase and modernization of Immigration and Naturalization Service (INS) equipment with new helicopters, airplanes, and night vision systems; and the elimination of public services, except emergency medical services.

Likewise, it wants to impose bigger fines for the trafficking of illegal aliens and against those who use, produce, or sell illegal documents.

Initiative 2202, or the Immigration Law for the National Interest, must await the Senate decision and, if approved, it would be turned over to a Joint Committee.

Mexico: Daily on Military Rotations To Prevent Corruption

PA0304151396 Mexico City LA JORNADA in Spanish 1 Apr 96 pp 8, 52

[Report by David Aponte and Jesus Aranda]

[FBIS Translated Text] Mexican military troops and units who participate in the fight against drug trafficking will "rotate periodically" to prevent corruption. According to a U.S. State Department report, the Mexican Air Force [Fuerza Aerea Mexicana — FAM] will, in coordination with the U.S. Air Force, participate in the interception of large aircraft loaded with cocaine in each of its territorial jurisdictions.

Following President Ernesto Zedillo's instructions, Mexican military leadership will participate in three "limited" areas according to this report: land fight against illegal trafficking, destruction of crops, and Air Force response to intercept aircraft loaded with cocaine, and force them to land.

According to the U.S. State Department report dated March 1996, Mexico's National Defense Secretary, General Enrique Cervantes Aguirre, recommended to periodically replace military units from their posts at the border so as to prevent them from establishing "relationships" with drug traffickers.

Meanwhile, sources from the Foreign Relations Secretariat (SRE) pointed out that the Mexican Government needs to improve the equipment and national security systems. They informed that two important air corridors have already been "discovered": the Yucatan Peninsula and the Pacific coast.

"They (the U.S. military) have offered us some helicopters and aircraft. They can provide us with highly sophisticated material. However, we need to discuss the conditions," the sources added.

LA JORNADA published on Sunday that the Mexican authorities are studying the purchase of 30 new *Bell* helicopters, and they are negotiating with Washington on the upgrading of their *F-5* fighters and the acquisition of about 20 to 50 *UH-1H* inactive helicopters that belong to the U.S. Army. The FAM and the Office of the Attorney General of the Republic (PGR) will use these aircraft to fight drug trafficking.

The acquisition of U.S. aircraft might take place under very favorable conditions for Mexico.

In October 1995, the SRE settled the transfer of 12 *UH-1H* helicopters and 12 additional aircraft for spare parts at an annual symbolic cost of one dollar per unit, according to SRE officials.

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With the acquisition of these aircraft as a result of the lease agreement signed by Mexico and the United States in 1990, the PGR increased its fleet to 30 ready-to-fly helicopters. The bilateral agreement established that the aircraft will be exclusively used to fight drug trafficking. Nevertheless, the sources added, Mexican authorities could use them for humanitarian purposes, particularly in case of a disaster.

In addition, the sources confirmed that the Mexican Government would like the Pentagon to increase the military training scholarships that are available for our country under the International Military Education and Training Program (IMET). This project currently has a budget of $400,000 and the U.S. Department of Defense seeks to increase it by 30 or 40 percent.

In the meantime, military sources have confirmed that a group of 15 Mexican military will leave today to participate in a 12-week course to receive training on handling of equipment, use of maps and night equipment, handling of disasters, and the fight against drug and weapons trafficking.

These sources added that cooperation to fight illegal drug trafficking began some years ago.

Regarding the fight against drug trafficking, the sources pointed out that the Mexican Army possesses valuable experience stemming from 33 years in this struggle, particularly on the detection and eradication of illegal crops.

On the issue of Mexican soldiers participating in the struggle against drug trafficking, the U.S. Department of State document points out that President Zedillo had determined during mid-1995 to increase the "presence" of the Armed Forces in antidrug operations, and limited their range of actions to surveillance, destruction of illegal crops, and the use of the Air Force to intercept and force airplanes transporting drugs to land.

The document also points out that the Mexican Air Force will react to "information" received from its U.S. counterpart on the location of aircraft carrying cocaine in order to force them to land.

The Mexican executive branch also decided to increase the number of soldiers involved in the struggle against drugs, the document points out, although it refrains from providing more details. It even declares that Chihuahua state authorities have launched a "pilot program" where the military would be responsible for antinarcotics operations, in coordination with civilian authorities.

"Defense Secretary (Enrique) Cervantes has adopted a more dynamic stance against corruption levels, especially in those units involved in monitoring the struggle against drugs, by adopting an initiative to regularly rotate officers and units stationed along the border to prevent any sort of contacts with drug traffickers. [no closing quotation mark as published]

"U.S. and Mexican soldiers have embarked on technical discussions and exchange aimed at raising the level of cooperation and support to civilian authorities responsible for the struggle against drugs," the document adds.

Mexico: Constitutional Reforms To Fight Crime Approved

PA0304222696 Mexico City XEW Television Network in Spanish 0400 GMT 2 Apr 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Senate has approved by majority vote reforms to constitutional Articles 16, 20, 21, 22, and 73, to allow Mexico to apply laws more rigorously to fight organized crime.

These constitutional reforms were approved by 108 votes from the PRI [Institutional Revolutionary Party] and PAN [National Action Party]; the PRD [Party of the Democratic Revolution] supported the reforms partially. PRD Senators Felix Salgado and Heberto Castillo voted against the reforms.

At the last minute, five changes were introduced to prevent violations of individual rights and to finetune the final draft. The most salient elimination from the constitutional text is the possibility of the secret planting of technical devices for criminal investigations.

The reformed articles now read as follows: 1. Article 16 establishes that private communications are inviolable, and those who violate this freedom will be punished. The federal judicial authority, however, if justified, may order the intervention of the private media. They may not do so when fiscal, mercantile, civilian, labor, administrative, or electoral matters are involved.

2. Article 20, which regulates the granting of provisional freedom on bail, establishes that this benefit will be denied to those accused of or sentenced for serious crimes.

3. Article 21 states that the imposition of sentences is inherent to and exclusive to the judicial authorities. Investigation and prosecution of crimes pertains to the public prosecutor's office, which will be aided by a police force under its authority and direct command. The proposal to change the name of the Judicial Police to Investigations Police was not approved.

4. Article 22 establishes that the total or partial seizure [aplicacion] of the assets of a person by a judicial

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authority to meet civilian responsibilities resulting from the commitment of a crime or to pay taxes or fines will not be considered as a confiscation of assets. The seizure of assets ordered by a judicial authority in cases of illegal enrichment or owned by persons sentenced for organized crimes or by those who are registered as owners but are unable to confirm the legitimate origin of such assets will not be considered as a confiscation either.

5. Article 73 establishes that the federal authorities may also intervene in common crimes when they are linked to federal crimes.

Jurists of the three political parties participated in the debate. PRI Senator Salvador Rocha Diaz supported the decision:

[Begin Rocha recording] Today marks the end of another phase of this legislative process in which we have a presidential system that has maintained itself within its bounds; we have a presidential system that is respectful; a presidential system that listened to and accepted the modifications that the Senate of the Republic, with the help of the Chamber of Deputies, proposed to it. [end recording]

PAN Senator Juan de Dios Castro said laws alone are not enough to fight crime:

[Begin Castro recording] We need a healthy economy, we need jobs, we need jobs for millions of youth and workers. We need less idle time that encourages criminal activity against property [patrimoniales]. [end recording]

Meanwhile, PRD Senator Hector Sanchez pointed out:

[Begin Sanchez recording] It is a secret to no one that we will not be able to attack organized crime if we fail to turn our eyes toward the police and the administration of justice institutions. [end recording]

The Senate of the Republic held two different sessions today to allow the legislators to enjoy their Holy Week vacations.

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Argentina

Argentina: Mutineers Slay Inmate Who Surrendered

PY0304162096 Buenos Aires TELAM in Spanish 1411 GMT 3 Apr 96

[FBIS Translated Excerpt] Olavarria, 3 Apr (TELAM) — Penitentiary sources have reported that the leaders of the mutineers at Sierra Chica Penitentiary in Buenos Aires Province murdered an inmate today when he attempted to surrender to the penitentiary authorities.

The murder occurred in the early hours when an unidentified inmate who opposed the mutiny managed to escape from the penitentiary, run across the exercise yard, and give himself up to the penitentiary authorities.

Nevertheless, the mutinous inmates, headed by Marcelo Alejandro Brandan Juarez, demanded the return of the detainee under threat of killing one of the wardens who has been kept hostage since 30 March, according to what the sources made public.

The same sources further reported that the inmate was surrendered to the mutineers following tense negotiations. The mutineers settled their accounts with the fugitive criminal by slaying him in the aftermath of the incident and dragging his body into the penitentiary.

The stormy weather prevalent this morning rendered negotiations with the mutineers more difficult since — like darkness at night — it does not provide the necessary guarantees to regain control of the penitentiary.

The tragic incident took place some hours after Judge Carlos Pagliere from the Court of Appeals of Azul had announced that the inmates had agreed to a proposal in principle, which would facilitate the ending of the mutiny in the forthcoming hours.

The agreement hinged on the establishment of a commission comprising judiciary and political officials and penitentiary authorities to analyze the demands the inmates had submitted in their petition. [passage omitted]

Argentina: Southern Prison Inmates Stage Hunger Strike

PY0304172296 Buenos Aires TELAM in Spanish 1422 GMT 3 Apr 96

[FBIS Translated Text] Neuquen, 3 Apr (TELAM) — More than 100 inmates of the prison that is located in this city and the prison that is located in the city of General Roca, Rio Negro Province, 45 km from this city, have begun a hunger strike in support of their colleagues who have mutined in the Buenos Aires Province prison of Sierra Chica.

Prison sources told TELAM that 70 inmates of the General Roca Prison are carrying out a hunger strike supporting the actions that are being carried out by the Sierra Chica inmates and four other prisons located in Buenos Aires Province.

The inmates have demanded the presence of a member of the Higher Court of Justice of Rio Negro Province to ask for better housing conditions within the prison and also better food for all the inmates.

The sources added that two inmates passed the night on the top of the prison's water tank, and they still remain there, awaiting the presence of some judicial authority.

Meanwhile, in Unit No. 9 of this capital another 40 inmates began a hunger strike last night supporting the demands of Sierra Chica inmates.

The inmates rejected their suppers and donated the food to the city's Minors' Home and Home for the Elderly, and they also handed a note to Federal Judge Guillermo Labate during a meeting that was held last night within the precincts of the prison.

The sources also indicated that the inmates are demanding the implementation of the Two for One Law, conditional freedom for those who repeatedly fall into the hands of the law, and the implementation of the San Jose de Costa Rica Pact.

They have also asked for the abrogation of Decree No. 6,582/58, which sets higher sentences for car thieves than for attacks against human beings.

Argentina: 'Concern' Voiced About Ongoing Mutinies

PY0304145496 Buenos Aires TELAM in Spanish 1234 GMT 3 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 3 Apr (TELAM) — Justice Minister Rodolfo Barra voiced concern today about the mutinies at several Buenos Aires Province penitentiaries and underscored the federal government's efforts to modernize the penitentiary system.

Barra, speaking on Radio 9.90, commented: "This is a complex subject. Most (of the mutineers) are extremely dangerous criminals, who are holding people hostage in some penitentiaries, so it is only to be expected that we should be concerned about this situation."

The justice minister stressed: "We are making a major effort to streamline the (penitentiary) system by giving greater security to inmates so as to fully abide by constitutional provisions" stipulating that penitentiaries should serve to socially rehabilitate detainees.

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Barra was of the opinion that the cause for the mutinies lies in the fact that "there are penitentiaries which have not adapted" to modern penitentiary infrastructure requirements, adding that "this is why both the Buenos Aires Province Government and we (at the federal level) are working to improve the system following a century of neglect." [passage omitted]

Argentina: Prison Crisis With 6,000 Inmates in Rebellion

PY0404030596 Buenos Aires TELAM in Spanish 2258 GMT 3 Apr 96

[FBIS Translated Text] Buenos Aires, 3 Apr (TELAM) — The prison crisis deteriorated even further today with the death of two inmates in the Sierra Chica and Mercedes Prisons, in Buenos Aires, and the uprising of prisoners in three units in the south of the country in support of the mutinies in Buenos Aires jails.

The number of inmates in a state of rebellion amounted to 6,000, penitentiary forces reported.

Prisoners at Sierra Chica, Olmos, La Plata, Dolores, and Azul continued in a state of mutiny while prisoners at Caseros, Villa Devoto, Batan, San Nicolas, and Junin are on a hunger strike. Prisoners at Neuquen, General Roca, and Rawson also started a hunger strike today.

The center of the prison crisis, whose ideologist allegedly is "Gordo" Valor, who is serving a sentence at Junin, continued to be the Sierra Chica Prison, in Olavarria, where the revolt started on 30 March.

Sierra Chica inmates have in their power a total of 20 hostages, including Judge Maria de las Mercedes Marele, while negotiations seem to be deadlocked.

In this unit, inmates this morning killed a prisoner who tried to surrender to the authorities. With him those killed amount to at least five persons, even though relatives insist the total is 17.

The latest victim, whose identity was not released and who disagreed with the mutiny, was able to escape the prison, run through an empty area in front of the building, and surrender to prison authorities.

The rebellious prisoners are divided into three groups, two of them are apparently moderates. The third group is inflexible and is headed by Marcelo Alejandro Brandan Juarez, an extremely dangerous criminal, according to the sources.

The most intransigent group demanded the return of the prisoner who escaped from the prison, threatening to kill one of the hostages if their demands were not met.

The prisoner was returned to the prison after tense negotiations. Once inside, their own fellow inmates stabbed him to death and dragged the body into the premises, the sources indicated.

It is suspected that the body was cremated in an oven of the prison's bakery, just as the other inmates who were killed during the dispute between rival groups.

The sources recalled that 160 prisoners, out of a total prison population of 2,000, disappeared during a bloody mutiny in 1973. The 160 missing prisoners were allegedly cremated in that oven.

The tragic incident occurred a few hours before Azul Councilman Carlos Pagliere announced a breakthrough in the negotiations that might lead to a solution of the crisis.

The agreement is based on the creation of a commission made up of judicial branch, politicians, and prison representatives who will analyze the list of demands.

Prison authorities also offered to transfer all those who request it to a prison under the Federal Penitentiary System.

The situation, however, did not change much during the day and tonight negotiations seemed to be in a deadlock because of the intransigence of inmates, particularly those in the group headed by Brandan Juarez.

The second death recognized by the Penitentiary Service is an inmate from the Mercedes Prison who was shot during a frustrated mutiny attempt.

The individual was identified as Sergio Moreno Vega. He died at the Blas Dubarry Hospital as a consequence of a shot in the head during a repression staged by prison guards in order to repress a mutiny attempt.

After the confrontation, which ended with other 12 inmates and seven guards wounded, the calm returned to the prison.

Argentina: Businessman Said Pressured by Cavallo To Leave

PY0304191196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1104 GMT 2 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 2 Apr (NA) — Businessman Alfredo Yabran has announced his decision to withdraw from the postal services market, and he will sell the full packet of shares that he has in the OCASA Enterprise, due to "pressure," which is "harming" his patrimony and family, that he is receiving from [Economy] Minister Domingo Cavallo.

Wenceslao Bunge, the postal services businessman's spokesman, made the announcement during the afternoon of 1 April. Bunge also read a letter written by

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Yabran entitled: "The End of Plundering," in which the owner of OCASA states that he is "supporting a persistent and premeditated defamatory campaign that is being carried out by the economy minister."

Yabran says in his letter that "I am not willing to sacrifice my family life by exposure to any more viciousness from Doctor Cavallo every time that he needs to hide the causes of the corruption that involve his direct aides or when he wants to benefit foreign enterprises in the privatization of the Post Office."

The businessman has requested that President Carlos Menem demand that Cavallo present himself to the courts "without hiding behind any type of alleged immunity" so that I can continue with the suit that is "based on the very serious slander and insults that he has hurled at me."

During a news conference, Bunge presented the complete ruling of Angel Aguero Iturbe, the attorney general of the nation, whom Menem had ordered to carry out an investigation into the charges about "mafias" that were formulated by Cavallo against the so-called "Yabran Group" on 23 August 1995.

In the ruling, Aguero Iturbe states that "there are no visible reasons that justify the carrying out of a judicial investigation" against Yabran, and he highlights the fact that the businessman spontaneously appeared while the investigation was being carried out and also placed himself at the disposal of the commission that was created.

Bunge then read the document in which — in a surprise move — Yabran announces his withdrawal from OCASA, an enterprise in which he owns "between 75 and 90 percent" of the capital, although he did not want to give the exact percentage.

Instead, he did agree to give details of three other enterprises, which are not linked to the postal market, in which he is a shareholder.

According to Bunge, Yabran is the majority shareholder in the Yabito real estate and agricultural group, and that, among other assets, Bunge administers the ranches of the businessman, the Alvimer Real Estate Enterprise, and the Lanolec Air Transport Company.

Yabran's spokesman also charged that Cavallo "used" the businessman as a "political scapegoat at the time the IBM-Bank of the Nation scandal and corruption case began to come to light. [passage omitted]

Argentina: Chief of Joint Staff Commemorates Falklands War

PY0404010496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1946 GMT 02 Apr 96

[FBIS Translated Text] Buenos Aires, 2 Apr (NA) — Chief of the Joint Staff Lieutenant General Mario Candido Diaz today made an unexpected vindication of "those that fell in the war against subversion," and he criticized the recent ceremonies against the 24 March 1976 coup in which "the armed institutions were affronted."

During the address he gave today within the framework of the commemoration of the Argentine landing on the Malvinas Islands, Diaz stressed that on this date "we also recall the veterans of and those who fell in the war against subversion, those who offered their lives against that scourge that was undermining the very insides of our republican institutions."

He added that "a few days ago some voices were raised that were an affront to the armed institutions and the security forces and police forces," referring to the recent ceremonies in which the 1976 coup was repudiated.

"As chief of the Joint Staff of the Armed Forces, during this ceremony and on this day, I reject each and every one of the aggressions that have been made against the fatherland's essential institutions because at this time they are not justified," he stressed.

He maintained that "this type of attitude in no way contributes to the reconciliation of all Argentines," when he spoke during a ceremony that was held in front of the monument dedicated to those who fell in the Malvinas war, which is located in the San Martin Plaza of this city. President Carlos Menem was also in attendance.

Brigadier Basilio Lami Dozo and Admiral Jorge Isaac Anaya, two members of the military junta that governed the country during the war, also participated in the ceremony.

Diaz made it clear that "with this ceremony the Armed Forces and the security forces pay homage to the war veterans, of all the wars, to all those men who defended the soil of the fatherland inch by inch, who knew victory and defeat."

He recalled the soldiers that died in the 1982 war saying that "they have remained under the cold waters of the Atlantic or under the humid soil of the Malvinas Islands," and he stated that "they represent the veterans of all our wars."

"All the heroes that remained in the South are the luminous milestones that tell us that we must not desist

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in the effort to demand the acknowledgement of our sovereignty over the Malvinas," he said.

Finally, he maintained that he is quite sure that "the day will come when the flag will once again and this time permanently fly over the Malvinas."

At the conclusion of Diaz' address and after one minute of silence, Menem placed a floral wreath on the monument commemorating the fallen in the Malvinas, and the commanders of the Armed Forces, the director of the National Border Guard, the deputy chief of the Federal Police, and the war veterans also placed wreaths on the monument.

Argentina: Press Agreement Signed Between TELAM, MENA

PY0304231096 Buenos Aires TELAM in Spanish 2102 GMT 2 Apr 96

[FBIS Translated Text] Buenos Aires, 2 Apr (TELAM) — The TELAM news agency and the Middle East News Agency [preceding four words in English] of Egypt today signed a press agreement to facilitate a smooth exchange of information on many issues of mutual interest.

The agreement was signed by TELAM President Martin Oyuela and MENA President Moustafa Naguib, who emphasized the significance of establishing this type of communications link.

The news exchange will place special emphasis on economic affairs and, from Argentina, the information flow will spread to include regional issues to cover Latin America as a whole.

The agreement gives these news agencies the opportunity to supply news to a direct communications channel, circumventing international news agencies.

Egyptian Ambassador to Argentina Mohamed Ossama Abdel Mottaleb was present at the signing ceremony at the TELAM headquarters in Buenos Aires.

The Egyptian ambassador and the MENA president will meet Media Secretary Raul Delgado on 3 April.

Argentina: Optimism Over Industrial Activity Rate

PY0404023696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1127 GMT 3 Apr 96

[FBIS Translated Text] Buenos Aires, 3 Apr (NA) — Economy Minister Domingo Cavallo admitted that the industrial activity rate for the first quarter was "lower" than that of the same period last year, but outlined optimistic prospects for the future vis-a-vis a recovery of the productive apparatus.

The minister emphasized: "The first quarter was clearly better than the last quarter of 1995 and much better than the third quarter of 1995."

Nevertheless, the minister admitted that "activity rates higher than those of the first quarter of 1995, especially in the industrial field," are not being reported in our economy. He emphasized, however, that "they are catching up, which indicates a recovery."

Cavallo noted: "The third quarter of 1995 was the worst period for activity rates. There was a slight recovery during the fourth quarter of 1995 and it is becoming noticeable so far this year."

Cavallo held a news conference yesterday, at the end of a meeting with the Argentine Banking Association (ABRA) leadership. Foreign banks operating in Argentina are ABRA members.

The minister and Horacio Liendo, legal and technical coordination secretary, went to the ABRA meeting, which was held at the ABRA headquarters, together.

Cavallo ruled out the possibility of introducing changes in the current economic program. He pointed out: "As we implemented it, the Convertibility Program has yielded better results than those we had expected."

The minister noted that the Convertibility Program "represented a mechanism for disciplining macroeconomic, fiscal, and monetary management to stabilize the Argentine economy."

"It also proved its usefulness for promoting a kind of popular education on issues such as the significance of savings and competition," Cavallo added.

In this regard, the minister criticized the opposition parties. He said: "Both the UCR [Radical Civic Union] and the Grand Front have been unable to give up their old-fashioned, basically demagogic, political style."

Cavallo lashed out: "The Convertibility Program acts as a ban on demagoguery. Therefore, political parties that cannot give up their old-fashioned style of distributing what they don't have cannot accept a system such as the Convertibility Program."

The minister emphasized: "The opposition would also have changed before the 1999 elections. For the next elections, [Grand Front leader Carlos] "Chacho" Alvarez will say the same thing he said before: That he still feels sorry for not voting for the Convertibility Program."

With regard to the reports pointing out that Cavallo had pressed against [Interior Minister] Carlos Corach becoming chief of cabinet, the minister emphasized that those who circulated these reports "are not acquainted with President (Carlos) Menem."

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Cavallo emphasized: "I have the privilege of being the only minister who has been accompanying Menem since the first day of his administration. [Former Chief of Cabinet] Eduardo Bauza alone shares this fate. Therefore, I know the president well."

The economy minister said: "Those raising the possibility of a call for influencing Menem in the appointment of a chief of cabinet don't know him."

With regard to a meeting with Menem and David Mulford, an influential banker, at the Olivos Residence a few hours before the news conference, Cavallo explained that they reviewed "interest rate and financial market developments before the U.S. elections."

Cavallo pointed out that this represents "significant" information. He noted that it was also important for President Carlos Menem to hear this information directly from Mulford.

Changing the subject, the minister rejected the criticism he received over the manner in which the Yacyreta Dam privatization is being handled, and extolled Energy and Transportation Secretary Carlos Bastos.

The minister noted: "Bastos is on very good terms with the appropriate Foreign Ministry and Congress levels."

Cavallo said he read some critical newspaper articles. In his opinion, these articles are not "supported by the actions taken by key congressmen or key Foreign Ministry members."

Cavallo said: "Without any doubt, Bastos, who has conducted exemplary privatization processes that are astonishing the entire world, such as the oil, gas, and electricity privatization processes, is the man who can voice an authoritative opinion on how we should privatize Yacyreta and the nuclear power plants."

The economy minister noted that "there is no one in Argentina with more professional authority on this issue" than the energy and transportation secretary.

Argentina: Secretary Says First Quarter IMF Targets Met

PY0404032296 Buenos Aires TELAM in Spanish 2303 GMT 3 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 3 Apr (TELAM) — It was announced today that, during the first quarter, Argentina met the IMF targets on deficit, international reserves, net domestic assets, and expenditures.

This announcement was made this afternoon by Finance Secretary Ricardo Gutierrez, who released a report on public sector expenditures for January and February.

Gutierrez said: "The IMF agreement anticipated a deficit of 1,196,700,000 pesos by 31 March and it actually totalled 1,172,400,000 pesos. In other words, the deficit was 24.3-million pesos less than scheduled." [passage omitted]

According to the data supplied, a 161.9-million peso deficit was reported for January, before the payment of interest. After the payment of interest on the domestic and foreign debts, the deficit soared to 482 million pesos.

In February, a 90.6-million peso deficit was reported. After the payment of interest, the deficit totalled 227.7 million pesos.

A breakdown for March was not available. During the first quarter, the Treasury's deficit was 760.4 million pesos short of the IMF targets and the public enterprises' deficit was 1.2 million pesos short of the IMF targets. This shortage was adjusted through a 126.9-million peso surplus for decentralized government institutions and a 659-million peso surplus for social security institutions.

Argentina: Menem, Cardoso Launch Joint TV Broadcast

PY0404035396 Buenos Aires TELAM in Spanish 2320 GMT 3 Apr 96

[FBIS Translated Text] Buenos Aires, 3 Apr (TELAM) — With a chat from the two respective presidential residences, Argentine President Carlos Menem and Brazilian President Fernando Henrique Cardoso today inaugurated joint broadcasts of the Information Without Borders [Informacion Sin Fronteras] program, involving ATC [Argentina Televisora Color] and a Brazilian news network.

The two presidents emphasized the significance of this technological effort that will permit political, economic, social, and educational advancement of the two nations.

Menem and Cardoso also expressed their regret over the death of Ronald Brown, U.S. secretary of commerce, who died in a plane accident over the Adriatic Sea in Europe.

Bolivia

Bolivia: Chilean Enterprises Attacked During Demonstration

PY0304152096 Madrid EFE in Spanish 0034 GMT 3 Apr 96

[FBIS Translated Text] La Paz, 2 Apr (EFE) — The offices of LAN Chile Airlines and the facility of the Cruz Blanca Enterprise, which is also Chilean,

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were attacked by groups of fanatics during a protest demonstration carried out by the Transport Union, whose call for a strike today has paralyzed La Paz and affected some other Bolivian cities as well.

The strike, called to protest the capitalization policy (the partial privatization of state enterprises) that is being implemented by the Bolivian Government, was initially to have affected only the public transport sector, but groups armed with stones and sticks also stopped the circulation of taxis and private vehicles.

Lieutenant Colonel Jose Arias, chief of La Paz Fire Department, reported that all the windows of the LAN Chile offices were broken, although the office equipment was not damaged and no one was wounded. LAN Chile's offices are located on the city's most important downtown street.

At the main railway station, which is administered by Cruz Blanca, the demonstrators pulled down the entrance railings, destroyed the windows of an empty passenger train, overturned two all-terrain vehicles, and set fire to a large truck.

The police were able to disperse the demonstrators and recover control of the station after several skirmishes in which one person was wounded and an undetermined number of people were arrested.

Other groups of fanatics, which detached themselves from the demonstration, destroyed shop fronts, stole things from shops and street vendors, and attacked the headquarters of the Traffic Police, located in La Paz' downtown area.

Last week a demonstration in the city of Oruro, 30 km west of La Paz, ended with the burning of a Chilean flag, which caused the Chilean Consulate to release a communique in which it deplored "the actions of rancor and violence that can affect the rapprochement the governments of the two nations are undertaking."

The leaders of the Bolivian Labor Federation (COB), who this afternoon began negotiations with the government regarding the future of the privatization process, kept those responsible for these aggressions at arms length and they stressed that their strike and demonstration "had been peaceful."

On the other hand, Government (Interior) Minister Carlos Sanchez Berzain stressed that "those who call for these types of violent demonstrations are the only persons responsible for the actions against the population."

Bolivia: Minister Rejects Alleged Military 'Malaise'

PY0404023996 La Paz PRESENCIA in Spanish 26 Mar 96 Section 1 p 6

[FBIS Translated Text] Defense Minister Jorge Otasevic yesterday admitted that the number of pamphlets and anonymous communiques circulating within the Armed Forces increased in April. He ruled out the idea that this increase indicates malaise within the Armed Forces.

The defense minister added that pamphlets have always existed. Nevertheless, the number of pamphlets increases when promotions take place, as many people feel relegated or frustrated at not having achieved their goals.

Otasevic emphasized: "There are more pamphlets circulating at this moment than at any other. It could be the expression of some dissatisfaction. We are reviewing this issue."

He ruled out any malaise within the Armed Forces or between the Armed Forces and the government to allegedly attempt to destabilize the democratic process.

The defense minister noted: "The newspapers are the first to catch this type of situation. You may notice that there is nothing of the sort. It is an internal issue that will surely be overcome soon for the reasons I have just mentioned to you."

Brazil

Brazil: Cartagena Meeting Termed 'Turning Point'

PY0304185296 Sao Paulo GAZETA MERCANTIL in Portuguese 30 Mar-1 Apr 96 p A5

[Report by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Text] During the first half of April, Industry and Commerce Minister Dorothea Werneck and representatives of the Brazilian private sector will evaluate the outcome of the enterpreneurial and ministerial meetings held in Cartagena (Colombia) from 18 to 21 March. The business forum, which preceded the meeting of trade ministers from 34 countries, was attended by 1,500 businessmen. This has been the second meeting (the first one was in Denver) held with a view to creating the Free Trade Area of the Americas (FTAA) by 2005.

John Mein, executive vice president of the American Chamber of Commerce in Sao Paulo, said that, despite being the third largest business delegation in Cartagena — next to the U.S. and Colombian delegations — Brazilian delegates felt ill-prepared compared to U.S., and in some cases, Argentine delegates. He said: "This was due in part to a lack of both formal and informal

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structure in the private sector to deal with the issue of continental integration. Our business structures stemmed from of an economic model in which this type of issue was not significant."

The National Confederation of Industry (CNI) has regarded the Cartagena meeting as a turning point. The FTAA is now definitively on the agenda of the CNI, which in 1995 conducted a survey among various industrial sectors to sound out their reaction to the idea of a continental free trade area.

Unlike in the United States, the FTAA proposal is not widely known in Brazil. Main said that U.S. businessmen, who had already taken part in the negotiations to create NAFTA (the bloc consisting of the United States, Mexico, and Canada), influenced the U.S. Government into including the trade issue in the agenda for the 1994 Miami summit.

The Industry and Commerce Ministry (MICT) and its Foreign Trade Secretariat (Secex) are charged with reconciling the positions of both the administration and the private sector. Rejecting criticism by business groups claiming that the Brazilian delegation should have been better prepared for the Cartagena meeting, Secex Secretary Maurio Cortes said that the MICT had received reports from the Colombian organizers only by late 1995, and that three meetings had been held with businessmen prior to the Cartagena meeting, where the Secex assisted the Brazilian delegation in coordinating positions for the final report. According to Cortes, the administration and the private sector have proven in Colombia that they are on the same wave length concerning most of the issues.

This year, the MICT is going to intensify its contacts with the private sector because Brazil is going to host the third business forum and meeting of trade ministers. The meeting has been slated for the first half of 1997 in Belo Horizonte. Nearly 1,500 businessmen are expected to attend the meeting in the capital city of Minas Gerais, taking into account that the four Mercosur member countries are planning to send large delegations.

The MICT and the Foreign Ministry will probably maintain the structure of the Cartagena meeting, where for the first time a business forum preceded the ministerial meeting, at which the ministers were able to consider recommendations made by the business forum. Panel discussions attended by businessmen focused on such topics as barriers and trade opportunities, agribusiness, legal topics, the role of the private sector in creating the FTAA, communications, energy, transport, roads, ports and airports, financing of infrastructural facilities, development and technological transfer, large companies and integration (foreign investment and strategic alliances), opportunites for small and medium-sized industrial companies (subcontracts at regional level), human resources, and environmental issues.

Brazil: BC President Views Enterprises' Insolvency

PY0304020096 Sao Paulo GAZETA MERCANTIL in Portuguese 29 Mar 96 p B5

[Interview with Central Bank President Gustavo Loyola by Ivanir Jose Bortot, in Brasilia; date not given]

[FBIS Translated Text] [GAZETA MERCANTIL] The Central Bank [BC] is considering the possibility of adopting measures to assist the state government banks. Is the situation of these banks very serious?

[Loyola] It is not concerning in the sense of an immediate problem. The state governments have banks with different characteristics. In some cases, the solution is well under way, as in the case of the Banespa [Sao Paulo State Bank], the Banerj [Rio de Janeiro State Bank], and the Credireal bank. In other states, the governors have asked us to help adjusting the banks. They want the banks to remain in the hands of their states' administrations, but after being adjusted to the current economic situation.

[GAZETA] What type of adjustment do they want?

[Loyola] Basically with regard to the size of their network, reduction in the number of personnel employed, investment in modernizing the institution, and purchase of new equipment.

[GAZETA] Do these banks have any imbalance in their assets?

[Loyola] No. Their greatest problem is linked to costs. It is necessary to reduce their costs. The banks that had more problems have been submitted to a special BC regime in 1995.

[GAZETA] What about this expectation that the National Treasury will issue certificates to help the state governments increase their banks' capitals?

[Loyola] Capitalization derives from the need to make more expenditures in order to help the banks. This is what would have to be financed. Nevertheless, nothing has been decided in this regard yet, these are only ideas.

[GAZETA] Can the BC have a credit line similar to the Proer [Program to Encourage the Reorganization and Strengthening of the National Financial System] for the states?

[Loyola] It would be a financing line, but it would not be confused with the Proer because the latter demands

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that an institution that is asking for the loan transfer its share control.

[GAZETA] Will a liquidation chamber be created in the BNDES [National Bank for Economic and Social Development] to liquidate the banks?

[Loyola] We have not considered anything of the kind.

[GAZETA] Is the BC worried about the liquidity of the banks?

[Loyola] Compared to the problems we have had in November, the situation has improved quite a lot, but the distribution of liquidity in the market has not reached ideal levels yet. Liquidity is still concentrated in some areas, but this is natural. The normalization process is slow and will have to occur naturally.

[GAZETA] Will the monetary authority be able to solve these problems through measures that loosen credit?

[Loyola] No, not at the moment. If it is necessary to loosen credit it will be more for macroeconomic reasons than to simply solve the banking system problems.

[GAZETA] The liquidity of the system has increased in the last few days. Does the BC want to reduce the interest rates?

[Loyola] I cannot estimate the future trajectory of interests. The policy is not decided about that much in advance, it depends on macroeconomic conditions. Since July 1995, we have been consistently reducing interests. At the moment, there is no indication that we should change this policy.

[GAZETA] Projections about economic growth for the first three months in 1996 were worse than what reality proved to be. How do you see the performance of the economy in these first three months, and what do you expect for the next three months?

[Loyola] We tend to make rather catastrophic estimates. The level of activities is adequate. The only problem is insolvency. Paradoxically, from the sales viewpoint the economy has been functioning well, but there are insolvency problems concentrated in some areas.

[GAZETA] In which areas?

[Loyola] In the areas of enterprises that have suffered very much with the impact of foreign competitiveness and the areas that had a high relation between third party capitals and their own capital, i.e., indebted enterprises. It is paradoxical because these enterprises have been selling a lot of products. Nevertheless, they have a low margin of profit, which is insufficient to cover their financial costs, and this leads to insolvency.

[GAZETA] What can the BC do to help reduce insolvency?

[Loyola] I believe that we have to seek, together with the banking system, a way of reorganizing these debts. The banking system should do that. No one has any interest, the creditor less still, in creating additional difficulties for these enterprises. The only solution I see is to start a process for the reorganization of these credits, and to find a way of extending their payment terms.

[GAZETA] How could that be done?

[Loyola] We have been taking some steps toward this goal. With regard to the micro enterprises, we have been allowing them to renegotiate the credits that are falling due. In the case of large enterprises we have to find ways of reducing their insolvency without harming the monetary policy.

[GAZETA] Can the compulsory deposits that have to be made by the banks be reduced?

[Loyola] Yes, they can, but we are not planning to touch this area right now. Some suggestions made by the Febraban (Brazilian Federation of Banks) are being analyzed in an effort to help the enterprises. These suggestions include reduction of the compulsory deposit and the use of the BNDES as an axle of this process. Each enterprise often has debts with several banks. Therefore, the financial system has been lacking an element to agglutinate all the banks and make a package for their financial reorganization.

[GAZETA] Would the BNDES absorb the debt and refinance it to the enterprise?

[Loyola] No, I am against that. The BNDES should not absorb a risk that belongs to the banking system. If the bank has granted the credit, it should absorb the risk until the very end. What I believe to be possible — but this depends on the BNDES — is to make the BNDES play a role in the reorganization of the enterprise, particularly in view of the level of quality of its technical cadre.

[GAZETA] What can the BC do in this case? Can it reduce the compulsory deposit of the banks so that they can finance the reorganization of the debts?

[Loyola] Eventually, we can consider that. There is an insolvency pattern that affects all institutions.

[GAZETA] Does this insolvency put the institutions at risk?

[Loyola] No. The banks' level of insolvency, although it has been increasing, is still within acceptable limits.

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[GAZETA] In addition to having lost the profit resulting from the high inflation rates, isn't the current monetary and exchange policy imposing too heavy a cost on the system?

[Loyola] The Real Plan has contributed to reducing the float [preceding word in English] revenue and this has been demanding that the banks reduce their costs. The monetary and exchange policies, particularly because they are related to the fiscal problem, are an important point. The fiscal problem will only be solved in a definitive manner in Brazil through the constitutional reforms, which are being implemented slowly but within a normal political process. Our political system is not able to give swift answers. In a certain way, it is a slow process in all countries, but in Brazil, it is made worse due to the absence of strong political parties to guarantee a stable majority. The negotiation process has to be conducted case by case.

[GAZETA] The economic agents have the impression that the fiscal area is not doing its homework. There is a frightening domestic public debt, strong pressure on the Treasury cash, and revenues have been falling. How long can these monetary and exchange policies be maintained without a positive scenario from the fiscal point of view?

[Loyola] The fiscal issue is still our main concern, but we cannot mix the current fiscal situation with the detection of problems that already existed. In the case of the Bank of Brazil, the problems started in the past and have only become explicit now. The domestic public debt can even increase, but the debt (the Treasury had with the Bank of Brazil) already existed.

[GAZETA] In the second year of the Real Plan, shouldn't the fiscal result already be better balanced?

[Loyola] The fiscal results are beginning to appear. We can consider 1995 the worst moment of our economy from the fiscal viewpoint, not only with regard to the federal administration, but also to all administrations nationwide. This was a result of the combination of policies and processes that functioned in an inflationary period without an inflationary environment. We are in a transition crisis. We still have not obtained all the required instruments to manage the fiscal situation in a stable economy and we have lost those tricks we had that were typical of an economy with high inflation rates. We are experiencing an adjustment crisis. Several state administrations have granted salary increases still under the illusion that the inflation would eat up the increase. The federal government and the state administrations will adopt measures that will lead to changes in public accounts.

[GAZETA] Beginning when?

[Loyola] As of the April-June period. As to the issue related to interest on the debt, this is a consequence of past fiscal deficits. It is not an effect of what has been happening nowadays.

[GAZETA] But doesn't the restrictive monetary policy, which pushes the interests up, worsen the fiscal situation?

[Loyola] The public debt already existed. We cannot think about reducing the interest rates in order to solve the debt problem. We can't worry about the debt. It is within international standards. It is a sustainable debt. What society has been asking is whether the country can grow despite maintaining, indefinitely, a process of fiscal imbalance in the future also. The answer is no. Sooner or later, the administration will have to generate a surplus. I expect to have this year a better fiscal result than we did in 1995.

[GAZETA] How would you get this improvement?

[Loyola] By improving the primary result, by controlling expenditures. Revenues will increase and expenditures will be restricted. This year, the administration will control expenditures with personnel and costs better than it did last year.

[GAZETA] Won't the administration increase the minimum wage in May and thus increase expenditures with the social security system?

[Loyola] Pension readjustment has to be compatible with the social security system capacity to pay for them. We have to put an end to this habit of granting automatic increases without taking into consideration our capacity to pay for them. The process is being discussed and the possibility of readjusting the salaries of the public employees is also being discussed.

[GAZETA] Investment in dollars have been contributing to increase the domestic debt. What will be done to reduce this effect?

[Loyola] These dollars increase the domestic debt, but do not increase the net debt, because we are increasing our international reserves.

[GAZETA] Is there a limit for accumulation of reserves?

[Loyola] There is a theoretical limit within our minds, but we cannot say what this limit is. By the BC attitudes we can perceive that some people are seeking to reduce the rhythm in which foreign capital is entering the country, looking for quality, and opening space for direct investment.

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[GAZETA] After the three first months of 1996, is it possible to forecast how the foreign accounts will behave?

[Loyola] It is hard to establish a figure. The trade balance will undoubtedly be positive. The deficit in current transactions will be smaller than last year's. It will probably stand between 2.5 percent and 3 percent of the GDP. The foreign accounts performance during the first three months of this year has been very good, especially from the trade balance viewpoint. Historically, this period is not good for exports.

[GAZETA] Some people said that because the BC has been hard on implementing and controlling the monetary policy, it has been upsetting several segments of the economy and has thus become the target for a great deal of attacks.

[Loyola] One has to make a distinction between criticism toward the BC's performance, which is perfectly acceptable, and attempts to obtain political dividends and to destroy the administration's credibility, and put an end to the Real Plan. There are lots of people acting as inflation mourners [viuvas]. Like mourners who do not want to accept that if high inflation rates return people who have lower income will be harmed the most. Only a stable economy can contribute to the development of the economy. A government program, however, is not limited to achieving economic stability. There are countries with a stable economy, which are extremely poor. This is not what we want.

[GAZETA] How long can the Real Plan last if the administration can only resort to the BC instruments?

[Loyola] If it depends on the BC, always. With a competitive international economy, we must implement the reforms the administration has been proposing, in order to make our country competitive.

[GAZETA] Senator Pedro Simon (Brazilian Democratic Movement Party-Rio Grande do Sul) has been demanding an answer from the administration about the frauds that have been committed at the Nacional Bank. He says that the BC has never warned the Senate that it did not have enough personnel to supervise the banking system.

[Loyola] The BC has been filing charges to the Attorney General's Office, will file a few more next week, and some Nacional Bank people are involved in them. Filing charges, however, is not enough. It is up to the courts, and not to the BC, whether to punish the charged people. The BC will do whatever it is responsible for doing. I believe that the BC has often warned the Senate about irregularities. The thing is that whenever the BC requested some type of instrument to improve its supervision work, the request was seen simply as a corporative-like plea. We have recently made a study to improve the salaries of the BC employees. The study fell in the hands of the media and was published with hints that we are planning to irresponsibly increase the country's financial carousel. Congress has often tied the BC's hands. Now, it makes no sense to begin airing dirty linen in public. As for the fraud committed at the Nacional Bank, it belongs to a type of scheme that is very hard to detect.

[GAZETA] Is your current number one objective to put an end to fraud in the financial system?

[Loyola] Your are asking me a question that sounds as obvious as it would be to ask a police chief whether his objective is to put an end to crime. He will naturally say yes. But this does not mean that he will be able to put an end to crime. Criminals' minds are complex.

[GAZETA] Does the BC have ways of confronting crime?

[Loyola] The BC is reasonably well organized, but it evidently needs to improve its organization further and it has to work very hard internally to achieve that. Personnel distribution — be it from the point of view of age, geography, or functions — is not very appropriate. I believe it is necessary to have more qualified people working in the supervisory area. This involves hiring new personnel.

[GAZETA] When GAZETA asked one of President Fernando Henrique Cardoso's aides whether you would remain in the presidency of the BC, he answered: "Loyola will stay in the BC as long as he can stand it." This makes one realize that your staying at the BC depends only on your disposition to put up with criticism and the institution's problems, right?

[Loyola] My position is clear. I believe that the position of BC president depends on the confidence the president of the Republic has in one. Evidently, it is up to the president to dispose of the position. When a person agrees to become BC president it is clear that this person is prepared to face unpleasant situations. Naturally, I cannot say that the facts that have been occurring have been agreeable to deal with. In addition, I have a special burden of having to be away from my family. I have no [passage indistinct] any appeal in the sense of feeling obliged to remain in the position. Nevertheless, I do not think it is appropriate to run away when the first problem comes about. This would create an additional problem. I do not think I am irreplaceable, on the contrary. Therefore, my decision is to continue complying with my duties.

[GAZETA] It is said in the market that when a negotiator is weak, the other side profits. Does having a

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weak central bank signify that the financial system will end up profiting?

[Loyola] It is interesting to realize that sometimes an individual profit is the result of a collective loss. A weak central bank can even allow some institutions of the financial market to profit by it. In the long term, however, the financial system ends up losing because it too becomes weak.

[GAZETA] Will the negotiations for the purchase of the Economico Bank by the Excel bank be closed on 30 March, when Bahia celebrates a festive date?

[Loyola] No, we are working on that and will report on the conclusion of negotiations the soonest possible.

[GAZETA] Will the charges made by Senator Eduardo Suplicy (Workers Party-Sao Paulo) about alleged irregularities in the Excel bank hinder the negotiations?

[Loyola] Not at all. I think that we have to consider that the BC administrative process is much more common than one imagines. It is common to open administrative investigations and, while some are filed, others result in punishment. There are investigations resulting from small irregularities and from big irregularities. A bank does not stop being competent simply because an administrative investigation has been conducted on its accountings and management. The financial market is as if it were a long and wide avenue with thousands of cars — which are the banks — and the BC acts as if it were a patrolman controlling the traffic. Obviously, the big race in the market is after money, because financial markets are capitalists. The BC seeks to maintain the situation under a certain order: One has to stick to one lane, has to stop when the light is red... And, every once in a while, a car crosses with a yellow light, or runs too close to the curb. These behaviors call for just a fine. But in the case of a serious accident, the BC withdraws the bank's permission to continue functioning.

[GAZETA] What about the Excel?

[Loyola] The administrative investigation the BC is conducting on the Excel is not serious. If we want to guess what the future behavior of a bank will be, however, we will do nothing else. We have to take action in accordance with facts.

[GAZETA] The BC has been doing its normal work. We cannot create generalized distrust over the entire financial system. We are checking internally, with the supervisory group, whether in the case of the Nacional Bank, the habitual procedures have been complied with. They probably have. These procedures, however, have not been enough to detect the frauds committed in the Nacional Bank, we must, therefore, change these procedures.

[GAZETA] Is an internal audit being conducted in order to correct mistakes?

[Loyola] I do not know whether audit would be the correct word for that. It is a normal group. The idea of freeing Claudio Mauch (BC director) from his position in order to be able to conduct supervisory work sought to allow him to lead a team to find out what has happened.

[GAZETA] Is the BC planning to create an elite group of supervisors?

[Loyola] The idea is to create a highly trained group in Brasilia. This issue is still under discussion.

[GAZETA] If a banker knows that the BC has no instruments to supervise the system, he will naturally feel encouraged to commit the irregularity.

[Loyola] There are good people in the BC. Perhaps, our internal organization and the way we have been working, as well as our training, are not appropriate. The great change to be implemented is to have people who, although being less trained in finding out mistakes, have a better vision of what the market is, and think with the mind of a market operator. People who even understand international procedures and operations. One of the lessons we have learned with the Economico Bank incident is that it is necessary to be more integrated with the foreign authorities, to learn about what is occurring beyond the country's borders, in order to check on the bank's qualities.

Brazil: Fiscal Deficit Seen Threatening Real Plan

96SM0200A Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Apr 96

[Article by Maria Luiza Abbott: "Caught in Its Own Trap" — received via Internet]

[FBIS Translated Text] *The administration claims that if it closed the Esplanade and every ministry except the Ministry of Health, the resulting cuts would be insufficient to cover expenditures.*

Brasilia—The Federal Government is caught in a trap, and the 1996 public deficit is inevitable. "Even if the Esplanade of Ministries were closed and only the Ministry of Health remained, the resulting cuts would not be enough to cover the other expenditures." That statement comes not from an economist in the opposition but from the executive secretary of the Ministry of Planning himself, Andrea Calabi, who, by

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means of that argument, is trying to combat charges that the administration has become wasteful.

The secretary's figures are from last year, but they fit 1996 like a glove because little has changed. The government's net revenues in 1995 were up 13 billion reals over the year before. Its personnel costs jumped by 8 billion reals, social security benefits rose by another 8 billion reals, and interest charges were up by 6 billion reals. The government's total additional expenditure on personnel, benefits, and interest comes to 22 billion reals, or 9 billion reals more than the increase in its tax collections.

All other capital expenditures—investment and maintenance, for example—totaled 17 billion reals. That item was up by 2 billion reals, with half of the increase going to the Ministry of Health, which spends 9 billion reals per year. In other words, 8 billion reals are left for the entire machinery of state, meaning that even if that machinery stopped, there would not be enough left over to cover the government's additional spending on personnel, interest payments, and social security benefits.

Relief—For this year, low inflation combined with general stability in the economy is the only thing bringing relief. With no threats to the Real Plan, monetary policy can be more relaxed, and the interest bill will be much lower. In theory. Provided that there is no chance mishap forcing an increase in interest rates. The rest is just an attempt to push the problem away and hang on to cash.

Although the check stubs of government employees indicate the opposite, the payroll is reaching frightening totals. Following a 20-percent increase granted in January 1995 and nothing after that, monthly personnel expenditures rose from 1.7 billion to nearly 3 billion reals in 10 months. The forecast for 1996 was 3.6 billion reals per month. Since the government is managing to hold back an increase of 10 percent—the amount left over from last year—hope still exists that that forecast will not come true.

Promise—In the field of social security, the trap is a tragic one. Every additional centavo in the pocket of a minimum-wage worker means an increase in benefits and a few points added to the deficit. Under pressure to keep his promises, President Fernando Henrique Cardoso increased the minimum wage by 42 percent last year. Social security expenditures rose by 31 percent in comparison with 1994. The result is that every government economist's dream is to add nothing to the minimum wage or at least to grant only the increase required by law.

"Consciously or not, we granted increases with the idea that inflation would take care of everything as it always had," Calabi says. In other words, the government increased wages with inflation in the back of its mind. In previous years, after all, inflation had eroded the value of the minimum wage or the [illegible]ernment worker's pay, and revenues, protected by in[illegible]tion, had managed to cover the cost. Low levels have caused everything to remain the same, and in the end, there has been a real increase in expenditure that will be eroded only slowly by inflation if nothing is done.

Bad deal—Part of that fiscal trap has to do with the absolute priority assigned to containing inflation and with the restrictive monetary policy. The government is paying the highest interest rates on the planet. This is bad for the National Treasury, which, being the country's largest creditor, is bankrolling the cost. And the Central Bank [BC] is making the worst deal in the world. It buys dollars from investors and pays for them in reals that are immediately invested in government securities to take advantage of the Treasury's interest rates.

Investors in government securities earned an annual 33 percent in 1995. And the BC takes the dollars it buys and invests them in the international market, which pays interest of 5 or 6 percent per year. In other words, there is a huge loss, and the Treasury ends up paying for it.

Last year alone, the public debt increased from 60 billion reals in December 1994 to 110 billion reals at the end of 1995. Of that increase, 20 billion reals were due to the increase in strong currency reserves at the BC, 20 billion reals were due to interest rates, 6 billion reals were accounted for by intervention in banks experiencing difficulties, and another 3 billion reals represented the Treasury deficit.

Threat to Real

Brasilia—In the opinion of economists and members of the financial market, the government's fiscal crisis is the main threat to the Real Plan. They all feel that the problem is serious and that the government could do more than it is announcing. The government feels that it is doing everything it can.

There are three major groups of government expenditure: Payrolls, which will be dealt with by administrative reform; social security, an issue that is being resolved through another reform now being voted on by Congress; "and interest, when those reforms are completed and fiscal balance is perceived as being stable; at that point, the monetary policy can be relaxed," explains Andrea Calabi, executive secretary of the Ministry of Planning.

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In the opinion of economist Paulo Nogueira Batista, Jr., the transfer of responsibility to Congress is concealing the government's inefficiency. "If the reforms are so important, why has the administration so far failed to submit legislation regulating the Reform of the Economic Order that was approved during the first half of last year?" Paulo asks. That reform abolished the petroleum monopoly and allowed the privatization of electric power companies. Despite that, nothing has yet been implemented, the reason being the lack of regulating legislation.

Fabio Giambiagi, an economist at the National Bank for Economic and Social Development (BNDES), is recommending government action in the area of companies owned by the states. Last year they had a deficit totaling 0.9 percent of GDP [gross domestic product].

"The government is not showing any willingness to contain spending," Luiz Antonio Goncalves, former secretary of the National Treasury, charges. "We don't even have an approved budget and already we have had a deficit for two consecutive months," he says with surprise. Worse than that, in the opinion of Paulo Nogueira Batista, Jr., is the encouragement being given to the spendthrifts and deadbeats in the public sector.

Table*

Description	Percent
Personnel	38
Social security benefits	35
Unemployment insurance	3
Health	8
Other	10
Primary surplus**	6
Total	100

* Revenues and financial expenditures are not included. Also excluded are constitutionally mandated transfers to states and municipalities. Expenditures exceed revenues.

** Represents savings achieved by the government.

Source: National Treasury and INSS [National Social Security Institute].

Agreement with Maluf—Paulo points to the bad example set by the government when it "rewarded" the municipal government of Sao Paulo by transferring the latter's debt of 3.5 billion reals to the National Treasury. That operation was negotiated with Mayor Paulo Maluf on the eve of the vote on social security reform and the CPI [congressional investigating committee] on banks. In both votes, the government depended on the votes of Maluf's PPB [Brazilian People's Party] to win.

Even former Minister Mailson da Nobrega, who has personally experienced the difficulties involved in cutting the deficit, feels that the government is failing to do its job. "The government is losing the battle of communication. It can indeed say that it is taking a medium- or long-term view of the reforms, but it cannot say that the Real Plan is going to collapse because of defeats in Congress," Mailson says.

Fault of the past—The government's pessimistic tone is being energetically combated by economist Raul Veloso, former member of the government's economic team and an expert on public finance. In Veloso's opinion, the worst of the fiscal problems is part of the past. The biggest impact occurred because of the changes in the 1988 Constitution, and implementation of the new measures ceased in 1995. The Constitution increased personnel spending by 46 percent and social security benefits by 87 percent and also created new expenditures such as unemployment insurance and transfers from the Treasury to the Ministry of Health.

Brazil: Coalition's Failure To Back Reforms Viewed

96SM0200B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Mar 96

[Editorial: "Government Without Support" — received via Internet]

[FBIS Translated Text] Let it not be said, now that the talks on administrative reform have ended, that it is the opposition parties that are preventing a vote on the bills with which President Fernando Henrique Cardoso intends to put an end to "the Vargas era." Judging from what we have seen recently—the 14 votes that were lacking when it came time to approve Euler Ribeiro's report on social security were only the most glaring example—the strongest resistance is to be found in the parties constituting the government coalition. That resistance is so obvious that Deputy Moreira Franco has chosen not to assume sole responsibility for a report that is going to conflict with certain interests: He has asked the president of the republic for support and decided that the parties in power should come up with a saving formula for overcoming the major disagreements on what the the chief executive would call "interests." To get an idea of what is at stake and of the importance of that decision by the rapporteur on administrative reform, it is enough to remember that shortly after he began examining the amendment, he was said to be entertaining ideas on reform that lacked the executive

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branch's support, and consideration was given to asking another deputy to draw up the report (but without relieving Moreira Franco of his position as rapporteur!). The reaction by the deputy from Rio de Janeiro was what one might expect. He now gladly accepts the idea that Deputy Abi-Ackel, on the recommendation of the leaders, should draw up the document accomplishing what is being presented as the squaring of a circle: How to spend only 60 percent of revenues on government employees (at the federal, state, and municipal levels) without affecting tenured government employees.

The problem of job security is taking the strangest twists and turns. On the one hand, there are those who feel that a tenured government employee does enjoy tenure, while others maintain that a tenured government employee can be fired if his job performance is inadequate. There are also those who feel that all government employees appointed without taking a competitive examination (they would be the first ones sacrificed) are the underdogs and that those with tenure are "privileged." Hanging over all of them like the sword of Damocles are the Constitution, which stipulates that a fixed percentage of revenues must be spent on government employees, and the Rita Camata law, which sets that figure at 60 percent. The question worrying everyone is what to do if, after firing everyone appointed without taking a competitive examination (and the first to go will assuredly be all those appointed by previous administrations), the amount being spent still exceeds the 60 percent set by law. If that happens, who goes next? Deputy Moreira Franco does not want any carnage at all, and Deputy Abi-Ackel wants it even less. Most of the pressure is coming from the government's deputies, since the opposition parties are supporting job security pure and simple.

Administrative reform was already threatening to become stalled over the provision banning the transfer of federal funds to states and municipalities for the payment of government employees. On the issue of job security (which applies, we want to believe, to the situation of government employees not actively pursuing a career in government), it is making slow progress. On the police issue, it is threatening to become stalled for good. What is the police issue? Simply the fact that Deputy Moreira Franco, possibly inspired by his experience as a governor, wants the state governors to have constitutional authority to merge the civil and military police or to es ıblish a police force. That proposal in itself contradicts the entire philosophy that has prevailed since the days of the military regime, which on the one hand militarized the police forces and, on the other, created an odd situation in the relationship between the civil and military police forces. However, that is not the only reason why voices are being raised (even in the government bloc) in opposition to his proposal: The rapporteur also wants to take away the right of the police, whatever their nature, to go on strike and to organize. The CUT [Sole Workers Center] has already protested. So, through their lobbies, have the civil police. The rapporteur does not know what to do, all the more because, since the cooling of the "citizen" fervor surrounding the 1988 Constitution, it is considered reasonable that the police should not be allowed to go on strike. The examples provided by the Federal Police during their noisy strikes in Brasilia must have convinced many people that when the state's repressive apparatus goes on strike, something is not right in public affairs.

The important thing is not whether job stability is or is not a precondition for the functioning of the administration: There is nothing to support the idea that it is necessary for a government employee to have job tenure. What is important is to find ways to prevent job evaluations (one of the good things in the original proposal) from being subject to political interference—either by political parties or simply by individuals. It is equally important to rethink the duties and rights of the police while realizing at the same time that in the past the police have gone on strike while also performing their duties under the law. It is just as important to realize that when it comes to affecting the established interests of government employees, the administration has no one supporting it.

Chile

Chile: Withdraw of Investments From Bolivia Threatened

PY0404032996 Santiago EL MERCURIO in Spanish 3 Apr 96 p C3

[FBIS Translated Excerpt] The Chilean Government has expressed to the Bolivian Foreign Ministry its concern over the incidents that occurred yesterday in La Paz as a result of which property owned by Chilean-owned companies, such as the Arica-La Paz Railroad Station and the LAN-Chile agency, were seriously damaged.

Although these incidents occurred within the framework of disorders resulting from a general strike summoned by Bolivian drivers, Chilean officials are concerned because they derived in actions of repudiation toward Chile.

This is no minor issue for the Chilean Government which has warned that if these incidents are repeated, Chilean investors may withdraw their capital from Bolivia.

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Throughout 1995 and so far this year, Chilean capital invested in Bolivia has totalled $213 million. It is estimated that this figure will increase when the retirement pension fund system is implemented.

Prior to this, the Chilean General Consulate in La Paz issued a communique in which it warned that such incidents may damage bilateral ties in view of the burning of the Chilean flag. [passage omitted]

According to what Foreign Minister Jose Miguel Insulza said yesterday, the Chilean Government understands that these incidents occurred within the framework of a general strike; but, it is nevertheless worried about it. He said: "We are naturally concerned over this situation and we have informed Bolivian authorities about it."

He added that the Bolivian Foreign Ministry has offered guarantees to the Chilean Foreign Ministry that everything will be calm.

Insulza stated that for the time being, Chile will not change its Bolivian policy which seeks to strengthen bilateral ties because of these incidents. He said: "But it is also necessary to understand that we are responsible for the Chilean Government and that, naturally, investors are free to make their own decisions."

According to other sources that were consulted, the situation in Bolivia regarding Chileans may be described as "tense". The sources reported that the general protests that the Sanchez de Lozada administration is currently facing could get out of hand because the Bolivian administration is in no condition to decree emergency measures.

They added that Sanchez de Lozada is at a crossroad because he is aware that if he decrees emergency measures it will mean the failure of the upcoming Rio Group and EU foreign ministers meeting to be held Sunday of next week in Cochabamba.

Chile: Minister Says U.S. Denies Poisoned Grapes Payment

PY0304225396 Santiago ESTRATEGIA in Spanish 2 Apr 96 p 10

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza said yesterday that "the United States has never considered the possibility of compensation" for the poisoned grapes case.

He added that the solutions being sought involve other types of compensation, but by no means payments in cash.

Insulza referred to this while reporting that last week a U.S. State Department representative visited our country, and that he met with Juan Martabit, Foreign Ministry America Department director.

He said the meeting was "interesting," but that no concrete proposals were discussed.

The foreign minister recalled that the Chilean congressional committee, which is dealing with this case, has for a long time tried to contact U.S. congressmen to analyze possible solutions, but that no results have been obtained.

He said this clear evidence that the issue must be resolved with the U.S. Administration.

Chile: War Academy Simulator Projected to Civilian World

PY0304232096 Santiago EL MERCURIO in Spanish 29 Mar 96 p C6

[FBIS Translated Text] The Tactical Computational Training System (Setac) [Sistema de Entrenamiento Tactico Computacional] is an instrument that could be used to study commercial market variations or to prepare emergency organizations for future catastrophes. The system is used by the Army War Academy to train its student Staff officers.

Colonel Jaime Garcia Covarrubias, director of said academy, said yesterday that the fact that the Army could generate its own fully digitized "war game" system could have a great projection in the civilian world.

Setac is a military operations simulator which allows operations in several computers, working in real time, between two contrary groups, on a simulated terrain, and under a given climate, to measure the commanding ability of future Army Staff officers.

These computerized equipment can include up to 1,000 military units subjected to a number of variables, distributed on a possible terrain of up to 6,000 square km, with war equipment and materiel previously established, according to real standards.

Once a war game begins, it can involve more than 200 players and go on for more than one week.

Yesterday, after showing to the media the new progress attained in the computerized system — the use of digitized photographs, faster equipment and with greater capacity — Colonel Garcia said Setac's importance as a simulated military conflict system lies in the fact that it prepares commanders in times of peace at very low costs.

Col. Garcia said the quality of the system and its versatile nature have awakened the interest of several

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countries of the continent, two of which — Mexico and El Salvador — purchased them a few months ago.

Concerning Setac's projection toward the civilian world, the director of the war academy said it is possible to extend its use beyond the military field, because it can be effective in simulating natural catastrophes and ways to face them.

He said: "The other option we have considered is the inclusion of entrepreneurial games because by playing war games, companies can simulate situations that might force their executives to face them in accordance with the economic variants."

Colombia

Colombia: Government Notes Regret on Plane Accident

PA0304233796 Mexico City NOTIMEX in Spanish 1918 GMT 3 Apr 96

[FBIS Translated Text] Santa Fe de Bogota, 3 Apr (NOTIMEX) — The Colombian Government today regretted the disappearance of U.S. Commerce Secretary Ronald Brown and a business delegation in a plane accident over the Balkans.

Camilo Reyes, acting Colombian foreign relations minister, sent a message to U.S. Secretary of State Warren Christopher expressing the sorrow of all Colombians for the tragic disappearance of the official who only two weeks ago visited the country.

"In my name and that of Colombia, I would like to express to Your Excellency, the feeling of sorrow for the disappearance of Commerce Secretary Ron Brown, as well as the delegation accompanying him, in a plane accident over the Adriatic Sea," Reyes pointed out.

Brown headed the delegation of U.S. officials and investors that participated in a recent summit of ministers and businessmen of the Americas that took place in the Caribbean seaside resort of Cartagena de Indias.

During the meeting, he confirmed his interest in consolidating the Free Trade Area for the Americas (FTAA) project, which consists of an open trade region extending from Alaska to Patagonia and which should begin operating by the year 2005.

Secretary Brown also showed his capability as a mediator in the difficult relations between Colombia and the United States, triggered by the "decertification" that Washington issued this past March to the Colombian Government's struggle against the drug cartels.

A ceremony took place this Wednesday in Cartagena de Indias to pay respect to an individual who during the FTAA summit was awarded the distinguished visitor's tribute.

Colombia: Minister on Kidnapping of Gaviria's Brother

PA0304155296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Apr 96

[Telephone interview with efense Minister Juan Carlos Esguerra by Caracol News Director Dario Arizmendi in the network's studio in Santa Fe de Bogota; place not given; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] [Arizmendi] Defense Minister Juan Carlos Esguerra went to the city of Pereira yesterday immediately after he learned of the kidnapping or disappearance of Juan Carlos Gaviria Trujillo. Juan Carlos is the brother of former Colombian President Cesar Gaviria Trujillo. Esguerra met with the authorities who have implemented measures and actions to deal with this situation.

Good morning, Mr. Minister.

[Esguerra] Good morning, [word indistinct].

[Arizmendi] Has it been confirmed that Mr. Gaviria was kidnapped?

[Esguerra] Not [word indistinct], but circumstantial evidence clearly indicates it.

I went to Pereira last night and met with [words indistinct]. I met with General Pineda of the National Police and with the commander of the Hunting Brigade of Armenia in Pereira. We discussed all of the presumptions with local police and military authorities and with the acting governor. In addition, we listened to the account given by Gaviria's sister and gathered the information provided by Dr. Gaviria's relatives, employees, and partners. As I said earlier, everything indicates he has been kidnapped.

[Arizmendi] What was the authorities' initial assessment on immediate actions and on who the possible kidnappers could be?

[Esguerra] We coordinated all the activities the authorities will carry out. An Army general is coordinating the [words indistinct] from Risaralda. This group has been reinforced by a colonel who is an anti-kidnapping expert who came with us from Santa Fe de Bogota, additional equipment, and experts [word indistinct]. They also will have the support of military and police authorities from Risaralda Department and neighboring departments.

[Arizmendi] Among the possible explanations, was this kidnapping carried out by guerrillas or common criminals? Who were the kidnappers?

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[Esguerra] I honestly believe it is still too soon to make any statements in this regard. At this point, we may say various organizations formed by either common criminals or guerrilla or drug trafficking organizations may wish to create instability. We cannot favor or disregard any of these explanations.

[Arizmendi] Did a long time regrettably elapse from the moment Gaviria was kidnapped until his relatives and the authorities found this out?

[Esguerra] This unfortunately was the case, because he left his home toward [word indistinct] around 0715 to play tennis. He had asked his bodyguards who were not with him then to meet him at 0900. His bodyguards waited for him for an advisable period of time because he used to change his schedule to visit a construction work site, to hold a business meeting, or so forth. His bodyguards started worrying at noon when they began trying to find out whether he was with any of his associates or whether he had traveled, for instance, to Armenia, where he has some associates and business. Police operations to locate him began in the late afternoon many hours after his disappearance.

[Arizmendi] Did you speak with former President Cesar Gaviria Trujillo? What has he or his family said? Do you know if he had been threatened or had received any telephone calls?

[Esguerra] Yesterday afternoon I spoke with former President Gaviria, who is in Washington, following instructions given by President Ernesto Samper, who had already spoken with him. I expressed my concern as well as the government's solidarity. I informed him of the measures and actions being taken to rescue his brother as soon as possible, to bring him back home safely. We held long talks with his sister Liliana, the family's representative in helping the authorities. We asked her directly whether there had been any threats, a suspicious situation over the past few days, or any clues that this incident might happen. They said absolutely nothing at all had happened, adding that there were no telephone calls, extortions, or anything of this sort.

[Arizmendi] What did Dr. Gaviria do after this kidnapping took place? Are the authorities going to wait or do anything else, Mr. Minister?

[Esguerra] The family needs much patience and faith in God and the authorities' work. The state has thus far used and will continue to use all available human and material resources to bring Dr. Gaviria Trujillo back to his relatives.

[Arizmendi] What do you think of the rumor that public order has been shaken in view of this kidnapping, the murder of the solidarity network manager in Valle del Cauca, the murder of a deputy in Sucre, and clashes with guerrillas in various departments?

[Esguerra] In fact, we have had a complex, violent situation over the past few days. In addition, there has been a preoccupying series of stepped-up guerrilla attacks in various places in Colombia that we are counteracting and attempting to [word indistinct]. Moreover, there have been regrettable cases of kidnappings such as Dr. Gaviria Trujillo's. The truth is that this situation is very complex.

All of us public force members are devoted to exerting our best effort to return this situation back to normal and to arrest those individuals who are responsible for these various crimes.

Colombia: Police Mobilize Units To Find Gaviria's Brother

PA0304201896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 3 Apr 96

[From "The Midday Newscast"]

[FBIS Translated Text] National Police Inspector General Carlos Alberto Pulido said at noon today that the operations by the specialized antiextortion and kidnapping units in the area of Caldas Viejo to find Juan Carlos Gaviria Trujillo are taking place in a diligent and calculated manner. Juan Carlos Gaviria is the brother of current OAS Secretary General Cesar Gaviria Trujillo. Gen. Pulido also mentioned that top intelligence experts have been assigned to the search.

[Begin Pulido recording] We have begun a number of investigations in all the areas. We have not ruled out absolutely anything: which group might have done it; we are considering common delinquents as well as organized criminals. In addition, Defense Minister Juan Carlos Esguerra and the operational director of the National Police traveled to the area last night. We have sent the Air Force. Two helicopters will be assigned to the area permanently to assist in this emergency. We know the abduction was a very organized and precise action. We will use all the necessary collaboration. We will act very prudently, since this is a delicate case that demands prudence. [end recording]

Gen. Pulido added that the operations under way in the area of Caldas Viejo to locate Juan Carlos Gaviria are being carried out on an ongoing basis by the Army, the Police, and the [word indistinct] specialized group, sent from Santa Fe de Bogota. He noted that the possibility that guerrilla groups might have participated in the abduction of Juan Carlos Gaviria has not been ruled out, since these groups regularly operate in the area of Caldas Viejo.

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In Pereira, the Police have begun to distribute thousands of photographs of abducted Juan Carlos Gaviria. Police Commander Colonel Alvaro de Jesus Pantoja said that although no reward has been offered yet, the Police hope the citizens will cooperate to find Gaviria, as has been the norm in recent cases.

[Begin Pantoja recording] We have confidence that this will be the case. We are constantly urging the citizens to show solidarity. The people have cooperated and will continue to cooperate with us. I am convinced that the community's cooperation is crucial in this sort of situation. [end recording]

Colombia: Poll Reveals People's Support for Prosecutor

PA0404044596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Apr 96

["Today's Topic" segment; from the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Amid the commotion unleashed by the investigation conducted by the Attorney General's Office on the prosecutor general and his possible removal, Colombians have reasserted their support for Prosecutor General Alfonso Valdivieso Sarmiento. In fact, "Today's Topic" asked the people to state their views on the work carried out by the high-ranking official and 25.6 percent said very good, 14.4 percent said very bad, 10.4 percent said excellent, 8 percent termed it biased, 6.4 percent termed it as haveing double standards, 5.6 percent said it was efficient, 4.8 percent said it was politically maneuvering, and 4.8 percent said it was magnificent.

Colombia: Columnist Decries Country's 'Lethargy'

96SM0204A Santa Fe de Bogota EL TIEMPO in Spanish 31 Mar 96 p 4A

[Commentary by Enrique Santos Calderon: "We Deserve Him"]

[FBIS Translated Text] Once again the president has responded to questioning from Heyne Mogollon, which once again was as innocuous and complaisant as the questioning that Mogollon had directed to him six months ago. And once again the proceedings lasted nine hours. And once again Samper left as unruffled as Johnny Walker.

We definitely deserve Samper. If he is able to pull the nation's leg in this way and manipulate it, flatter it, and convince it—as he has done for nine months straight—it is because in some way he represents it and personifies it.

It must be that he synthesizes something very Colombian in that he is likeable, intelligent, and has a joking manner—and also shrewd, a flatterer, and shameless. Or that suddenly—for anything is possible—all Colombians have a little bit of Samper latent within them.

In any event, his conduct has not elicited the collective reaction that one would expect toward a president who has violated the most elementary concept of political responsibility, namely, that he must accept responsibility for his action—or failure to take action—in a matter as serious as the massive infusion of narcotics money into **his** campaign. And this is indeed indicative of a nation's will and its values—or rather, the lack thereof.

Although half of all Colombians—and especially the middle and upper classes—recognize the seriousness of this lack and would welcome Samper's departure, while the other half do not believe it merits his resignation, neither half has made an exhaustive defense of their positions. Moreover, the apparent effrontery with which Samper dodges the most scandalous situations merely reflects this complaisant tolerance of the phenomenon of corruption—a tolerance that is half pragmatic and half cynical and is already quite firmly implanted in the consciousness of the average Colombian.

Sad to say, the president has succeeded in reconciling the nation to his banditry—to his crafty, sinful, and vulnerable side. Moreover, he is a Samper, and this fact should lead many Colombians who are particularly sinful or unscrupulous to believe that the situation cannot therefore be very serious.

What is truly serious and grievous is the collective weakness that all of this reflects: the lethargy of a society that does not react to the incredible succession of events that have produced this presidential crisis—a society that wavers between passive indignation and mere indifference and is hardly in a position to complain of the decay that is undermining it.

It is the lethargy of a society that does not feel affected by what is happening; a society that fails to grasp the social, moral, or political implications of what is happening; a society that is out of harmony with the survival instinct, with its own self-esteem, and with a democracy that it believes to be realistic and mature. But the fact is that even respected thinkers of the left—people who presumably are analytical and critical—are saying that the opposition to Samper suffes from "moral absolutism" or "social elitism."

Lastly, it is surprising that even at the level of high political policy, there are those who attempt to minimize the fact that in Colombia a president could have been

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elected by money from the narcotics traffic, or who attempt to rationalize that fact by establishing unreal comparisons with the past. This is because, quite simply, nothing comparable—in terms either of its dimensions or of its implications—had ever occurred before; and because in any even moderately serious country, a president who had even half of the things happen to him that have happened to Samper (the interrogation of his top cabinet ministers is merely the most recent instance) would not have the slightest chance of remaining in the government.

The astonishing calm with which Samper absorbs—or rather, dodges—everything that befalls him is astonishing, and even elicits a perverse admiration. The same applies to the things he says with a straight face: for example, his assertion that he is not the problem, because his departure would not solve Colombia's major problems. No one can imagine that his resignation would end the narcotics traffic, violence, or corruption, but not everyone takes into account the fact that so long as he does continue in office, these evils will merely get worse and it will be impossible to govern.

Nor does there appear to be any greater awareness of the serious damage that has already been done to our country. Even if Samper left office tomorrow—and he will hold out a little longer—major damage has been done. The institution of the presidency, for example—which has survived the discrediting of the legislative branch and the judicial branch—will hardly elicit the respect it formerly enjoyed.

Not to mention what has been done to Colombia's image abroad. This poisonous episode has merely served to confirm all the prejudices and preconceptions held by the international community, by suggesting that if a president who was elected with narcotics money remains comfortably in office, it is because the Colombians do not believe the situation is very serious.

This is clearly what is believed abroad, because there are so many Colombians who say they are "tired" of the subject; because there are financial conglomerates that do not want to lose what they have invested in the president (almost as much as the Cartel, and with similar intentions); and because there is no lack of journalists who preach that Samper's only problem is that he is a man who is "excessively kind and generous." In the words of one of his top propagandists, he is an "extreme democrat" who believes that Colombia's greatest evil is nothing more than the "journalistic license" being practiced against the president.

"This is Colombia, Pablo," the poet Jorge Rojas told his colleague Pablo Neruda on one famous occasion. This is the Colombia whose admirable capacity for enduring all manner of adversity has also given it a hard crust of cynicism, indifference, and skepticism.

Nothing that has happened in his administration seems to make much difference to Samper, and that is why he is carrying on like Johnny Walker. And that is why we deserve him.

A country like this ought not to be surprised tomorrow if the devious attorney general removes Prosecutor General Valdivieso from office.

Colombia: Samper Interviewed on VP, U.S. Envoy

PA0404035196 Medellin EL COLOMBIANO in Spanish 1 Apr 96 p A7

[Report on interview with President Ernesto Samper Pizano by directors of COLPRENSA newspapers and "coordinated" by Diana Losada C.; at the Government House in Santa Fe de Bogota; date not given]

[FBIS Translated Excerpt] Santa Fe de Bogota (COLPRENSA) — To President Ernesto Samper Pizano, Vice President Humberto De la Calle is one of the viable alternatives to continue the work of his government, but beginning in 1998.

In an interview with directors of COLPRENSA newspapers at Government House, Samper considered that De la Calle is part of the solution, "not part of the problem," and insisted that if an agreement were to be reached on the lifting of disqualifications, the vice president, Prosecutor General Alfonso Valdivieso, and Bogota Mayor Antanas Mockus would be on the list of options. [passage omitted]

[EL COLOMBIANO] What about your departure from the government as an option?

[Samper] I believe that, on the contrary, it would only worsen the crisis. If I were convinced that this would be a definitive solution, I would have taken that path a long time ago. [passage omitted]

[EL COLOMBIANO] What about discussing the possibility of holding early elections, but ruling out the participation of the vice president?

[Samper] Regardless of what people have been saying, Humberto De la Calle is not part of the problem; he is a part of the solution. He is a member of the government. Consequently, for constitutional and personal reasons, it is quite clear that he has every possibility of being an option within constitutional bounds, if this were the path to be taken later on. None of the formulas mentioned is designed to rule anyone out, not in the least. Furthermore, in some cases, such as in moving up the date of the elections, what could be called for is

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enabling some of the persons you have mentioned to in fact participate. This would be the case, for example, of the mayor of Bogota or the prosecutor general.

[EL COLOMBIANO] Do you believe that, if it were passed on to Vice President De la Calle, your government program would be in good hands?

[Samper] Yes. I believe that Dr. De la Calle could be one of the viable alternatives to continue the government program in 1998. [passage omitted]

[EL COLOMBIANO] What has the government decided in reference to the Senate's request regarding Ambassador Frechette?

[Samper] The Congress of the Republic is autonomous and takes its own positions. It is as autonomous as the U.S. Congress vis-a-vis the White House. I am not aware of the specific terms of the request, and it has not been sent officially to the Colombian Government, but obviously my position is one of respect for Congress' autonomy. Naturally, this does not compromise the Colombian Government's position in any way.

[EL COLOMBIANO] But the Senate made a direct request...

[Samper] I am waiting for them to send me the arguments to back up their request. I am aware that, particularly as a result of the decertification, in certain sectors of Colombia there is a feeling of dissatisfaction and, to some extent, of frustration over the decision made against Colombia, a decision that did not take into account the long struggle that Colombia has been waging against drug trafficking.

[EL COLOMBIANO] But Ambassador Frechette is increasingly interfering in Colombia's internal affairs. What is the government going to do to resolve this situation?

[Samper] As much as it can within the bounds of the multilateral agreements to which both Colombia and the United States are signatories: respect for the principles that govern the diplomatic missions of countries within one another; respect for nonintervention in a country's internal affairs; and respect for a country's sovereignty. All of these were mentioned to the amnbassador in the communique that the Colombian Foreign Ministry issued regarding some statements made by the ambassador.

[EL COLOMBIANO] Don't you believe that this was a weak position taken by the Colombian Government vis-a-vis an overt interference in our internal affairs?

[Samper] I do not believe that a position based on legal arguments and on arguments arising from international agreements can be considered weak. I do not believe that the solution is that we should now proceed to invade the United States. I believe that there are diplomatic channels that should be used to lodge complaints, and we are using them. We are doing this firmly and forcefully, but with the respect demanded by the cordial relationship that we have always maintained with the United States. [passage omitted]

[EL COLOMBIANO] What are the benefits of a popular consultation to define your continuity?

[Samper] I believe that, as Professor Echandia used to say, people understand each other in two ways: Fighting or talking. I believe that a consultation would be the correct mechanism for the people to simply state, in a democratic manner, if they want me to stay or leave. However, I believe the other option would maintain a permanent atmosphere of confrontation that would not allow a permanent solution to the consultation. You must not be afraid of the people: Let the people decide, give their opinion. Even the most critical conflicts of mankind have been satisfactorily solved by appealing to democratic solutions.

[EL COLOMBIANO] But do you see any threat of civil war in the country?

[Samper] None. None, unless we begin to have an effect on what the most sacred things are for the people, referring to their social coexistence, meaning their sense of justice. If the people feel there is no justice, this will return us to barbarianism in a matter of minutes. [passage omitted]

Colombia: Effects of 'Black List' on Exports Viewed

PA0304211896 Santa Fe de Bogota EL TIEMPO in Spanish 2 Apr 96

[Received via Internet]

[FBIS Translated Text] Yesterday the U.S. Government included Colombia on a "black list" of countries whose regulations hinder its exports.

Inclusion on the list does not entail automatic trade sanctions, and in all likelihood will not result in any negative consequences. This list is completely unrelated to the topic of decertification.

The list is in the annual report on trade barriers published by the office of the U.S. Trade Representative (USTR).

Many of the United States' most important trading partners are on the list, including Japan, Canada, and several EU member nations. The following Latin American countries are on the list: Argentina, Brazil, Chile,

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Colombia, Mexico, Peru, Venezuela, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic.

Other countries included on the list are Australia, Hong Kong, India, Indonesia, Israel, South Korea, Malaysia, and New Zealand.

The consequences of being on the list are practically nil. In theory the United States could levy sanctions equivalent to the total of the damages caused to the U.S. export industry, but these sanctions often do not materialize.

Many countries, including Colombia, have been on the list for several years without being penalized.

Nicolas Lloreda, director of Colombia's Trade Office in Washington, said that even though the remarks about Colombia are couched in strong language, there is nothing to be worried about. He added that, generally speaking, Colombia's trade system is one of the most open in the hemisphere.

On the other hand, even if the direct consequences of being on the list are slight, the USTR report is useful to bring home the U.S. viewpoint regarding Colombia's trade policies.

The USTR report stresses that Colombia's trade opening process does not include the agricultural sector, which continues to include many restrictions.

The USTR believes that the absorption agreements, the Andean Group's price bands, and import licenses for chicken parts are unjustified import restrictions.

The USTR report also criticizes the requirement for a certification prior to shipment that was implemented in Colombia in February 1996.

The report likewise reiterates U.S. protests against the CERT [Tax Reimbursement Certificate]; the protection afforded to intellectual property; the continuing barriers to imports of services (including audiovisual material, data processing, professional services, and franchises); restrictions on state purchases; and the import quality certifications demanded by the Incomex [Foreign Trade Institute].

Colombia: Norte del Valle Cartel Member Captured

PA0404041596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2340 GMT 2 Apr 96

[From "Caracol Latest News" newscast]

[FBIS Translated Text] Santa Fe de Bogota — Jose Octavio Pabon Cortes, alias El Patron, charged with being a member of the so-called Norte del Valle Cartel, was captured today by DAS [Administrative Department of Security] units in Calcedonia Municipality, Valle del Cauca Department.

Pabon Cortes is wanted by the regional prosecutor's office in Valle del Cauca for the crime of illegal enrichment. According to the DAS, Jose Octavio Pabon Cortes, alias El Patron, has investments in private enterprises that render services in the towns of Sevilla, Zarzal, Tulua, Cali, and Armenia.

Colombia: Sucre Department Deputy Slain by Gunmen

PA0404043496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 2 Apr 96

[Report by Carmelo Polo Amaya in Sincelejo; from "The Latest News" newscast — live]

[FBIS Translated Text] Sincelejo — According to information provided to Radio Cadena Nacional by a military spokesman, eight gunmen who traveled in a black and white Trooper shot to death — apparently using 9 mm weapons — Sucre Department Deputy Luis Miguel Vergara de Leon, 45 years old.

The event occurred today at approximately 1430 as Vergara de Leon was driving his white Toyota, license plate OU-6037, taking his two-year-old son, Luis Miguel, for a ride.

An automobile intercepted him when he came to the intersection of 32d Avenue and 23th Street at Florencia neighborhood, Sincelejo. The gunmen immediately jumped out of the Trooper and opened fire, hitting Vergara de Leon several times in the head and thorax.

Fortunately, the child escaped uninjured from the attack. The reasons, as well as the names of the perpetrators, are unknown.

Deputy Vergara de Leon had previously been mayor of Corozal but he resigned to run for the post of deputy in Sucre Department.

Colombia: Commander Views Clashes Between Army, Rebels

PA0304161896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 2 Apr 96

[Telephone interview with Commander General Harold Bedoya, Armed Forces commander, by Dario Arizmendi; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We have General Harold Bedoya, commander of the Colombian Army, on the line. Good morning, General.

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[Bedoya] Good morning.

[Arizmendi] General, according to reports from several sectors, the guerrillas' offensive and the confrontation between the Army and the rebels in the past few days are evident. Would you please assess the situation for us?

[Bedoya] We have experienced heavy clashes in Antioquia, Vichada, and Cauca departments in the past few days. As you will remember, a Unified Eastern Command, now Eastern Special Command, was organized in Vichada last year. The Army activated a battalion [words indistinct] to take the proper actions. Vichada is a large department of approximately 90,000 square km in area. Communications and military maneuvering are very difficult in this department because there are few communications and roads available. It is very difficult to establish controls in remote places like [words indistinct] with characteristics similar to Miraflores. We have succeeded in establishing controls in the middle of Vichada, in particular at the border with Venezuela and the Vichada river, a place called Guerima, located northeast from Cumaribo, where psychological and civic military drives are being conducted. Several clashes occurred, where unfortunately six soldiers were killed and eight were wounded.

[Arizmendi] General, do you mean military forces have again made their presence felt in certain sectors that guerrillas had been occupying, and that this is why there have been clashes?

[Bedoya] Yes. Vichada department had virtually no authorities of any kind, apart from those at the capital, Puerto Carreno. The rest of the department has virtually been on its own, not just recently, but for 20 years or more. As the result of the problem we had in Cararao on the border with Venezuela last year, the government established a garrison in this department. We are just beginning to work there. We will have completed one year in July. But this is a drug trafficking zone. Guerima, in the southern area of the Vichada department, is a place devoted solely to coca farming. There are cocaine processing labs north from the Vichada river, in the Toparro river zone. Ours is a far-reaching drive that we will start shortly. A radar site is being installed somewhere in the area. As soon as it is installed, we will be able to operate more efficiently and begin to destroy this drug trafficking scourge.

[Arizmendi] Do you think the common denominator in this situation seems to be an alliance between guerrillas and drug traffickers?

[Bedoya] Yes, Vichada is a department devoted to that [words indistinct] southern Vichada is devoted to coca farming and northern Vichada to coca processing labs. This is roughly the distribution the subversives and drug traffickers have made in the department. We have discovered many labs there. And these groups make a living on that. Now they are worried over the Army's presence because they know that, sooner or later, they will have to close up shop and lose all the space they have won over the past 10 or 20 years.

[Arizmendi] Gen. Bedoya, what do you think of the peace initiative of a peace commission and in particular the government? Also, what about the situation in Cauca department, where the Army has been asked to pull out from zones where negotiations are in progress to lay down arms?

[Bedoya] What happens in Cauca is that the group that has been talking with the government has been using its geographical space as a refuge. I refer in particular to a FARC [Revolutionary Armed Forces of Colombia] group, which rests and recovers in the extension zone because they know the Army is sparing this area. This group, the Jaime Bateman Cayon group, includes people who go out of the extension zone to perpetrate crimes. This is what happened a few days ago, when some members of this group extorted and perpetrated crimes in Cajamarca, Tolima. This group confronted an Army patrol and as a result three criminals were killed. Maybe the so-called Commander Alonso is in this group, although this is still being investigated [words indistinct] these people take advantage of the situation to keep perpetrating crimes taking advantage of this area. And this is what happened: A FARC group clashed with the Army, killing one soldier, and wounding four others. The soldier's name is Fernando Montalvo Henao. The wounded soldiers are Tabares Morera de Gerson, Rojas Acevedo, and [name indistinct]. The clash happened in this area, precisely.

[Arizmendi] Regarding Gen. [words indistinct] remarks in Medellin, one subject seems to be mandatory. The guerrillas are pressuring young girls to join them and are doubly abusing them, first because the girls are women and also because they are human beings. The girls are being forced to remain with the guerrillas. What do you know about this, and what is the Army doing to deal with this situation?

[Bedoya] A very particular case happened in Granada, Antioquia department. At least two armed women died fighting the Army, while two others, and one man were captured. It is easy to see that more women than men are being incorporated into the rebels' ranks. In addition, as you saw over the television, these are very young girls, 14 or 15 years old, who are coaxed and carried away. Once in the rebels' ranks, these girls cannot

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escape. I think adult people will not join these groups because they do not believe in them. It is easier to deceive a child with promises and offers. These girls are trapped once they accept the promises. If they attempt to escape, they or their parents are killed. And this is how subversives violate human rights. This is one of the most serious forms of human rights violations. The violation of intimacy and of life itself. These young girls are forced to engage in sexual relations with members of these gangs, and in this way they are physically and morally destroyed.

Colombia: Minister on Failure To Stop Drug Trafficking

PA0304190796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1353 GMT 2 Apr 96

[Telephone interview with Justice Minister Carlos Eduardo Medellin Becerra by reporter Guillermo Rodriguez in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Rodriguez] Good morning, Mr. Justice Minister.

[Medellin] Good morning.

[Rodriguez] Mr. Minister, you have said that despite the arrest of Cali cartel members and Pablo Escobar's death, Colombia continues to export cocaine. Moreover, the country is the first exporter of hallucinogens and drugs. What are the bases for this statement?

[Medellin] In fact, I regret having to make such a statement, as minister and Colombian, especially knowing s struggle personally, and after so many years [words indistinct] or to proclaim a victory. I want to stress the need to create consciousness, and to be aware that we cannot reach the sky or turn our back on reality, believing we had overcome the problem.

Recently, since the Cali cartel leaders were imprisoned, illegal crops were destroyed, and drug components and drugs were seized, and Colombians were arrested at airports, it seemed, on average, that the problem had diminished compared to figures from past years. However, in many cases the problem has stabilized or has increased. This means Colombians have the moral authority to discuss the issue. The government's report on the struggle against drug trafficking in 1995 presents exorbitant figures. This indicates that the situation is critical, because if the figures on drug components, drugs and mules have remained stable and in some cases have increased, then we have to study where this 20-year struggle has failed.

[Rodriguez] Mr. Minister where are the shortcomings?

[Medellin] I personally believe the main problem is drug consumption. Drug consumption generates dollars, which result from the sale of drugs. These dollars prompt money laundering, revealing that a considerable number of dollars enter Colombia to support illegal crops, corruption, laboratories, and everything that comes as a result of drug trafficking...

[Rodriguez, interrupting] Mr. Minister, do you feel hopeless when faced by the problem?

[Medellin] I have mixed feelings. Evidently, as I mentioned before there is confusion. However, we have not been defeated in anyway. Let me explain why: First, we are promoting an inter-American meeting against money laundering, in other words, we are promoting an international treaty to eliminate money laundering throughout all the American continent with assistance from the OAS. I believe this is the main problem behind drug trafficking. Second, we presented to Congress a bill, which establishes that participation in a criminal organization is a crime, receiving a positive rapport. The Justice Ministry is not only supporting the bill, but is trying to introduce amendments that could allow the arrest of drug traffickers. I do not want to be the voice of defeat or agony, but the voice of consciousness and constructive criticism that will encourage us to continue this struggle that is affecting us a lot.

[Rodriguez] Mr. Minister, what figures are we talking about? There are so many economic studies, among others by the OAS, Los Andes and National Universities, and inter-American organizations. How much money does drug trafficking handle today?

[Medellin] Let us see Guillermo, I think you were speaking... [pauses] You are right about the figures [words indistinct] I would think the proper thing would be to take the figures registered by the UN Commission on Narcotic Drugs, in other words rely on the international figures, which are more or less acceptable, and I quote, scientific, unquote. These international organizations, of course, speak of billions of dollars, which were handled by drug traffickers in 1995. As you know in most cases the money is left in the countries that consume drugs and a small percentage, approximately less than 30 percent [words indistinct] returns as money. Nevertheless, the figures continue to be exorbitant.

[Rodriguez] Thank you for this interview, Mr. Minister.

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Colombia: Alternative Development Plan Suspended

PA0304162196 Santa Fe de Bogota EL TIEMPO in Spanish 2 Apr 96

[Report by Winston Gonzalez Del Rio — received via Internet]

[FBIS Translated Text] The National Alternative Development Plan (Plante), one of the administration's means to fight drug trafficking by eradicating illegal crops, was suspended today throughout the country until further notice.

According to the program manager, Hector Moreno Reyes, the main reason for the suspension is that the assigned loans are being diverted, particularly in El Guaviare Department, where 400 million pesos have been disbursed.

The order was sent to the various branches of the Agrarian Fund through an official letter informing them that "the credit line for Plante, as regulated in Report No. 38 on 14 September 1995, has been totally suspended."

According to Moreno, the indefinite suspension will allow verification of the amount of money the peasants have been using illegally.

Moreno told EL TIEMPO that "the amount is ridiculously low, but it gives us the opportunity to intercede at this time to stop this diversion from occurring in the future."

Changes will be made within Plante. From here on, loans for the cattle industry will be given through the departmental cattlemen's funds to avoid diversions.

"There may be sharks that will try to obtain loans that are very cheap and attractive. Plante has many enemies, but we will be alert," Moreno said.

Plante is negotiating with the Colombian Institute of Agrarian Reform (Incora) the awarding of titles for 82,000 hectares through allocation contracts.

"The number of families to be benefited is being studied with the authorities," Moreno said.

Another modification of the program is the establishment of farming communities to facilitate controls and to assure that the funds are used for the purpose they are intended to be used.

The responsibility for making inspections will fall on the Umata—Municipal Farming Technical Assistance Units [Unidad Municipal de Asistencia Tecnica Agropecuaria]—with the support of a technical commission that will sporadically carry out "sweeps."

Moreno Reyes said that working tools such as motorcycles and computers will be delivered to the respective units in upcoming weeks, adding that for the time being there can be no talk of establishing a date for resuming credits, because this is being determined with the Agrarian Fund.

In view of reports that the suspension was due to a lack of liquidity of the program, Moreno Reyes said that although the demand is "gigantic," the plan is prepared to meet it.

Approximately 32,000 families will benefit from the program with credits between 1 million and 14 million pesos. Plante has disbursed 5 billion pesos so far.

Ecuador

Ecuador: Comptroller General Dismissed by Congress

PY0304145996 Madrid EFE in Spanish 1257 GMT 3 Apr 96

[FBIS Translated Text] Quito, 3 Apr (EFE) — The Ecuadoran Congress today dismissed Comptroller General Juan Carlos Faidutti for having exercised his post while owing debts to the state.

Faidutti was tried "in absentia" at the national Congress because he refused to appear before the congressmen, arguing administrative failures in the trial proposed by Deputy Italo Ordonez, of the Democratic Left party, with social democratic leanings.

Ordonez accused Faidutti of having accepted the post knowing that he had failed to pay his contributions to the Ecuadoran Social Security Institute (IESS), and also for having committed perjury in making his financial disclosure of assets before assuming his post within the government, among other charges.

Faidutti was dismissed with the support of 43 deputies who met this morning.

Paraguay

Paraguay: New Agriculture, Livestock Minister Sworn In

PY0304184896 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1610 GMT 3 Apr 96

[Direct relay from Government House with reporter Andres Caballero]

[FBIS Translated Excerpt] Yes, thank you, Benito. And, after several days — or better said, weeks — what has been expected for some time now has occurred: The

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Agriculture and Livestock Ministry has a new minister in view of the resignation of Arsenio Vasconcellos.

In a ceremony that took place at 1000 at Government House, Juan Borgognon was sworn in as the new agriculture and livestock minister.

Authorities, ministers, presidents of state organizations, and military authorities participated in this ceremony. [passage omitted]

Peru

Peru: Fujimori Confirms Camet as Economy Minister

PY0304214296 Lima EXPRESO in Spanish 4 Apr 96 p 2A

[Commentary by Manuel D'Ornellas: "No More Double-Barrelled Gun"]

[FBIS Translated Text] President Fujimori has decided to take no risks and has confirmed Economy and Finance Minister Jorge Camet in his post: He did not want to change horses in the middle of frenzied negotiations with international creditors. It will be up to Camet to complete them before reaching the haven of the Paris Club.

In other words, Camet will remain in his post at least until either June or July. In addition, Camet has the advantage that the double-barrelled gun has been expunged from the cabinet.

[Prime Minister Dante] Cordova's ousting and Camet's confirmation in the cabinet also means Fujimori was not seduced into appointing Pedro Pablo Kuczynski [PPK] as economy minister. As we stated yesterday, although Kuczynski is perfectly capable of replacing Camet in the negotiations with foreign creditors, changes always entail risks. The president preferred not to take any. It is still not known if PPK will still be considered if there is a cabinet change at the MEF [Economy and Finance Ministry] which will possibly occur by mid-year.

Meanwhile as stated in today's EXPRESO editorial, the economic program and the administration's commitment with the implementation of structural reforms has come out strengthened from this crisis. There have been no "adjustments" or "fine-tuning." In other words, there were no concessions to populism and there were no hesitations about statism.

Instead great emphasis was granted to foreign relations, particularly those regarding the IMF, the Brady Plan, and the Paris Club. These are Camet's first functional priority, so he may eventually leave and say "mission accomplished."

The only pending matter after implementing these changes through which the administration has defined its economic policy is the great cabinet reshuffle. The challenge now lies in establishing a government team that will seek a consensus with sensible opposition legislative groups in which independent figures excel.

Fujimori has overcome the enmity of two government factions by siding with one of them. Now he must overcome disagreements with other Peruvian representative groups by seeking rapprochement with Congress and effective agreements with the mayor of Lima. He must be aware of that which the country has been persistently demanding.

Peru: President Fujimori Installs New Cabinet

PY0404011396

[FBIS Report] Lima Radio Programas del Peru in Spanish at 0000 GMT on 4 April 96 carries 27 minutes of live coverage from the Golden Hall of the Government House of the ceremony during which President Alberto Fujimori takes the oath of office of his cabinet ministers.

An unidentified official reads the decrees appointing the cabinet ministers and President Fujimori takes their oaths in the following order:

Alberto Pandolfi Arbulu is the new president of the Council of Ministers and fisheries minister;

Francisco Tudela has been confirmed as foreign minister;

Tomas Guillermo Castillo Meza has been confirmed as defense minister;

Jorge Camet has been confirmed as economy and finance minister;

Juan Briones Davila has been confirmed as interior minister;

Carlos Eduardo Hermoza Moya has been confirmed as justice minister;

Rodolfo Munante Sanguinetti is the new agriculture minister;

Jorge Domingo Gonzales Izquierdo is the new labor and social promotion minister;

Liliana Canale has been confirmed as industry, tourism, integration, and international trade negotiations minister;

Daniel Hokama Tokashiqui is the new energy and mines minister;

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Elsa Carrera Cabrera de Escalante is the new transportation, communication, housing, and construction minister;

Jaime Yoshiyama Tanaka has been confirmed as presidential minister.

The ceremony ends at 0027 GMT without the installation of the health or education ministers. Radio Programas reporter Manolo Torres, who is anchoring the live coverage, says President Fujimori is expected to announce the appointment of the health and education ministers in the next few days.

Peru: New Cabinet Head Says Budget To Be Maintained

PY0404025796 Lima America Television Network in Spanish 0100 GMT 4 Apr 96

[FBIS Translated Text] There will be no cuts in the budgets of health and education said Alberto Pandolfi, the new president of the Council of Ministers, a few minutes ago. He also said the struggle against poverty will continue and the development projects will not stop. He said, however, that the structural reforms will be strengthened.

[Begin recording] [Unidentified reporter] In his first comments to the media, Alberto Pandolfi, who is also fisheries minister, said that the structural reforms, which are giving good results, will be strengthened. He added that some adjustments will be made but that this does not mean that important cuts will be made in the national budget.

[Pandolfi] The budget will be maintained. I don't know if you are referring to a specific sector, what is your question.

[Second unidentified reporter] [Words indistinct] about the need to cut the budget.

[Pandolfi] An effort will be made to maintain the budget within our possibilities. The conflict over the Cenepa River region did affect our resources but the budgets were readjusted and we plan to keep them.

[Third unidentified reporter] [Question indistinct]

[Pandolfi] It is expected that the names of the two ministers [health and education] will be known early next week. [end recording]

Peru: Santistevan de Noriega Elected New Ombudsman

PY0404010596 Lima EL COMERCIO in Spanish 29 Mar 96 p A1

[FBIS Translated Excerpt] On 28 March, Congress elected Jorge Vicente Santistevan de Noriega as ombudsman after obtaining two-thirds of the votes of the legal number of representatives.

Santistevan became the first ombudsman of Peru by obtaining the support of 95 of the 110 congressmen attending the session. Eight congressmen cast blank votes, six voted against and one vote was rejected. According to the Constitution, Santistevan only needed 80 votes to win the election. [passage omitted]

Peru: Ecuadoran Ambassador on Access to Amazon

PY0404023796 Lima GESTION in Spanish 1 Apr 96 p 3

[Interview with Ecuadoran Ambassador to Peru Gustavo Ruales by unidentified GESTION correspondent in Lima; date not given]

[FBIS Translated Excerpt] [GESTION] As a member of an incumbent administration, what is your assessment of Peruvian-Ecuadoran relations?

[Ruales] Undoubtedly the most difficult period was that of the Cenepa conflict. I believe that, fortunately, today both the Ecuadoran and Peruvian population and their respective governments are willing to tread the path of peace. I hope that the two countries will spontaneously perceive that we can be efficient partners in achieving development and reap reciprocal benefits.

[GESTION] How do you assess the peace process?

[Ruales] I believe this is a process that is being fulfilled in its different stages. [passage omitted]

[GESTION] Are you in a position to affirm that the next Ecuadoran president will not make any significant foreign policy changes?

[Ruales] I cannot affirm anything. The logical thing would be for him to follow the negotiations guideline that has been implemented in accordance with the country's interests.

Maranon-Amazonas

[GESTION] Would you explain the meaning of a sovereign access to the Maranon-Amazon region?

[Ruales] Each country will justify its subsistent impasses at the negotiating table whenever the basic issues are discussed in Brasilia when the Ecuadoran and Peruvian delegations meet. It is at this time that the delegations will bring up for discussion the subsistent impasses, their arguments, international treaties and the proposals that justify their positions, and most importantly, their intention of establishing a great community of interests. I enthusiastically believe the need for striving to achieve this great community of interests that will

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make us partners in a new, stronger and more extensive framework that will be beneficial for our two countries.

[GESTION] If you had to explain this issue to an Ecuadoran common citizen, would he understand it?

[Ruales] Yes, he would.

[GESTION] How is that?

[Ruales] Ecuador has an Amazon tradition. There a vocation to be part of the Amazon region that is deep-rooted in our nation's soul. How can this be achieved? This is what must be negotiated. Generally speaking, I would say that we have two very important ports on the Pacific: Guayaquil and Puerto Bolivar. Nothing could be more convenient for Ecuador and Peru than to achieve an agreement so that Peru may ship its exports to the Orient through the Pacific from Ecuadoran ports and for Ecuadoran exports to have access to the Amazon region and thus be exported to the Peruvian, Colombian and Brazilian Amazon region.

This compels me to tell you that I personally believe we face the challenge of establishing binational and multinational development poles that will encompass all partners involved in this true enterprise.

[GESTION] However, according to the Rio de Janeiro Protocol, Ecuador already has free navigation rights through the Amazon.

[Ruales] Yes, but this is insufficient. We also have navigation rights through the Amazon in compliance with the Amazon Cooperation Treaty but I am talking of a much more important undertaking.

[GESTION] What according to you is the difference between having navigation rights and a sovereign access?

[Ruales] To be able to be effective partners in the development of our common border lines: At sea; in the coast; the mountain region; and the Amazon region. I cannot be much more specific because it will be precisely in Brasilia where each country will explain and justify their subsistent impasses before the negotiating teams.

[GESTION] If common development is the sought objective, which is also directly connected to economic development, why is there no prevalence of the political perspective?

[Ruales] The issue is not circumscribed to the economic field, it goes far beyond it. I reassert that all the grounds for this and other subsistent impasses between Peru and Ecuador will be explained in Brasilia.

[GESTION] Must it cease to be an economic issue to become a strictly political one?

[Ruales] It is not an economic issue.

Peru: Optimism on Results of Brady Plan Negotiations

PY0304231396 Lima EL COMERCIO in Spanish 2 Apr 96 p 14

[FBIS Translated Text] On 1 April, Economy and Finance Minister Jorge Camet announced that negotiations by Peru to sign an agreement based on the Brady Plan to finance the debt with foreign banks will conclude within the next few days. He is optimistic over the results of the negotiations.

He also reported that the decree on the creation of Prompex promulgated by the legislative branch is expected to be published on 2 or 3 April. Prompex is an organization to promote Peruvian exports through the coordination of public and private activities. He stated that the decree was signed on 1 April.

He said the decision to create a fund to meet the needs of pensioners is one of the government's goals for the 1996-1998 period.

Camet admitted that the economic program is experiencing certain difficulties, but noted that "this is not the time to try new formulas" that can create a nefarious combination and reverse the results that were accomplished.

He reported that the deficit in the current balance of payments dropped in the first quarter, when it reached 6 percent of the GDP compared to 1995 when it stood at 7.5 percent and 8 percent.

Camet said the estimated growth rate for 1996 will be about 3 percent. This growth rate and a lower deficit in the balance of payments will allow "sustained growth in the second half of 1996."

He disclosed the government's economic goals for the 1996-1998 period, among them an annual sustained growth of 5 percent and an average inflation rate of 7.5 percent.

He made these remarks during the installation of new members of the National Confederation of Private Business [Confiep], board of directors during which he urged businessmen to continue endorsing the current economic program.

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Peru: Daily Praises Fujimori's Cabinet Reshuffle

PY0304231296 Lima EXPRESO in Spanish 3 Apr 96 p A30

[Editorial: "Fujimori Opted For the Reform"]

[FBIS Translated Text] It seems President Alberto Fujimori has finally left the state of indefinition and decided to get deeper into the reform. This is at least how the resignation of Prime Minister Dante Cordova and the confirmation of Economy Minister Jorge Camet should be interpreted.

This is good news for the country. Not because Dante Cordova was against the reform or the current economic program — because this is not true — or because Camet is the force behind the reform — because he is not — but because there was a polarization within the government which, beyond doctrinary positions, obstructed decisions and prevented consistent and coordinated progress in the second stage of the reforms, which we need for sustainable development.

The presidential decision restores the unity of will and criteria within the cabinet. Fujimori's second administration is just beginning and the acceptance of the resignation of Agriculture Minister Absalon Vasquez is now needed for the unity in the government around a single objective: To become complete and to prevent any more obstructions to the agricultural reforms. It is essential not to have groups confronting each other if the state reforms on privatization, agricultural modernization, and improved exports are to improve and become more expeditious.

It is possible that the group of ministers linked to Dante Cordova believed it was time to make the economic program more "sensitive to social issues" or to provide selective treatment to priority sectors with the so-called "tuning." But this belief never became a choice. Instead it became a permanent dispute within the government and a struggle to take over key projects: The state reform was taken over by Prime Minister Cordova after it was proposed by the Economy Ministry in the Budget law; the Copri [Commission for Promotion of Private Investments]; the titling of more than 600,000 urban houses; the solution of the problems affecting the sugar cooperatives, etc.

If the changes are complete, the disputes will end and the authority of the government will be reestablished. Thus, the reforms can move much faster. Economy Minister Jorge Camet will no longer blame his isolation in the Council of Ministers on the lack of progress, either in reducing state burdens affecting the economy and removing competitiveness, or the laws on water and forestry which are necessary to attract investments in agriculture. The recently created Cofopri [expansion unknown] will be able to include the titling of rural land in the regulation of the land law, which will finally come out right.

At the same time the path taken by Dante Cordova, as education minister, should be followed because Cordova gave impetus in decentralizing the decisions related to schools. This path must be further developed by continuing the intelligent and dedicated handling of this issue, which was Cordova's virtue.

Uruguay

Uruguay: Foreign Minister on Control of Money Laudering

PY0404010896 Montevideo EL OBSERVADOR in Spanish 27 Mar 96 p 3

[FBIS Translated Excerpt] Foreign Minister Alvaro Ramos has told EL OBSERVADOR that Uruguay respects all dispositions in effect on money laundering and actively cooperates with the fight on drug trafficking and all its consequences. The minister was referring to comments made by high-ranking U.S. Government officials requesting that Uruguay fulfill all international norms on money laundering.

Ramos made this remark during a telephone conversation with the newspaper following several meetings with high-ranking U.S. officials in Washington during the second day of this two-day official visit to that country which ends today.

The news agency AP reported yesterday that the U.S. Government, through President Bill Clinton's main assistant, urged Uruguay to fulfill all the dispositions of the United Nations 1988 Convention on control of the laundering of money derived from drug trafficking. Thomas McLarty raised the issue during Alvaro Ramos' visit to the White House. [passage omitted]

McLarty's spokesmen said that Uruguay is a potential money laundering center because of its policies on banking secrecy, its free foreign exchange system, and the regime regulating foreign bank operations.

The administration of Uruguayan President Julio Maria Sanguinetti is preparing a bill on money laundering, which according to advisers will be adjusted to the UN Convention and other dispositions of the Inter-American Commission for the Control of Drugs. AP said that according to Uruguayan laws, money laundering is not a crime in Uruguay.

Clinton recently reported to Congress that Uruguay's cooperation in the fight against drug trafficking was "very good." However, the name of the country has still

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not been withdrawn from the list of countries under observation.

"Uruguay is fulfilling its obligations."

Asked about the point, Foreign Minister Ramos last night told EL OBSERVADOR that "Uruguay's position continues unchanged, because the country is fulfilling all its international obligations in the area of drug trafficking." Ramos said that he did not perceive a tone of complaint in the observations made by the U.S. officials.

He said: "Uruguay is cooperating with international efforts in this area. We mentioned this during our meetings, stressing President Julio Maria Sanguinetti's position at the Rio Group on the need for a responsible, mature, and encompassing position where each party assumes part of the responsibility: producers, consumers, transit countries, and countries where financial operations take place."

Ramos also stressed the preparation of the draft bill on money laundering. He outlined the operation of the Uruguayan financial system "based on a strong Central Bank superintendency that controls the system generating great credibility."

The minister stressed Uruguay's disposition to cooperate as much as possible to fight drug trafficking and all its consequences.

A recent U.S. official report placed Uruguay on a "medium-high" level among countries that are used for the laundering of money derived from drug trafficking. The latest State Department annual report, meanwhile, stresses the Sanguinetti administration efforts to fight drug trafficking, but adding their belief that the port of Montevideo is used for drug trafficking in containers. [passage omitted]

Venezuela

Venezuela: Burelli Views Inclusion on U.S. 'Blacklist'

PA0304233896 Caracas Venezolana de Television Network in Spanish 0230 GMT 3 Apr 96

[Report by Fernando Porte]

[FBIS Translated Text] Venezuelan Foreign Minister Miguel Angel Burelli Rivas said he does not think Venezuela's inclusion in an alleged blacklist prepared by the U.S. Trade Representative [USTR] represents any harm to Venezuela.

The USTR included the EU and 10 Latin American countries on a list of commercial partners that impose trade barriers on U.S. exports. Powerful countries such as Germany and Central American countries such as El Salvador have been included in the so-called blacklist. Foreign Minister Miguel Angel Burelli Rivas believes this list does not represent any harm to the country and reminds the public that right at this moment, the U.S. Government and Congress are promoting the Helms-Burton law, a legislation that imposes commercial restrictions.

[Begin Burelli recording] If one reads the communique, the text, it is obvious that it does not pose any true threat. Our relations with the United States are excellent. We have handled very delicate situations with them, and we are pleased with the talks. Thus, we have nothing to fear. [end recording]

USTR Deputy Representative Jennifer Newman indicated that this report does not seek to take reprisals against any country, but to pinpoint those that have not opened their economies enough. We should bear in mind that the United States is currently going through an electoral campaign.

Venezuela: Report Says JAC, OTAC Stop Allocating Dollars

PA0304031796 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 2 Apr 96 p 4

[Report by Victor Escalona]

[FBIS Translated Text] On government instructions, the Exchange Administration Board (JAC) and the Exchange Administration Technical Office (OTAC) have definitively stopped allocating dollars. It only remains for President Rafael Caldera to make official the dismantling of the exchange control, a decision expected to be announced on 8 April with the rest of the measures to adjust the Venezuelan economy as a requirement for an agreement with the IMF.

The dismantling of JAC and OTAC began yesterday morning. The functions of these agencies will be taken up by the Finance Ministry, which will have to create a special service or a unit with the Board's characteristics, JAC coordinator Gonzalo Aguirre reported.

Aguirre reported that everything related to the dismantling of the exchange control is being studied by a high-level commission, the Central Bank of Venezuela, Cordiplan [Office of Coordination and Planning], and the Finance Ministry. This commission is also studying the possibility of capital flight after the exchange control is dismantled.

JAC officials met for the last time this morning, but they debated merely administrative matters and formalized previously made decisions on requests for dollars,

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Aguirre reported at the end of the meeting. "We are not authorizing additional foreign exchange allocations." he said.

He also said that, if necessary, the JAC and OTAC will meet again on Wednesday or Thursday this week. A meeting has been scheduled for Monday, once the president announces the new measures.

Aguirre said that certain areas must still remain in operation for some more time for various reasons, because not everything can be disamntled at once. In addition, capital accounts must be supervised to prevent their flight, and credit cards and the use of travelers checks — but not their sale — must be supervised.

Aguirre also explained that the work, from now on, will be focused on handling information of how the various accounts related to foreign exchange are behaving.

Venezuela: Caldera Says 'Destructive Forces' Threaten Law

PA0204144896 Caracas EL NACIONAL in Spanish 31 Mar 96 p D2

[Report by Adela Leal]

[FBIS Translated Excerpt] President Rafael Caldera said yesterday that although the struggle to attain a state of law was difficult, maintaining and reinforcing it have been even more difficult.

Caldera said the state of law in Venezuela is threatened by thousands of destructive forces, old vices inherited throughout the years, and interests that seek personal benefits without any concern for common well-being.

President Caldera expressed those thoughts during a brief speech he delivered to present his book "Notes on Roman Law," which he wrote as a student at the Central University of Venezuela.

He recalled that the struggle for a state of law has been long and sometimes discouraging, bloody, and bitter, but the 1961 Constitution firmly instituted that principle in our country after several attempts.

Maintaining the state of law can be truly dramatic sometimes, he said. Nevertheless, he added, we must overcome temptations and incitement to break the state of law with profound conviction based on the legal principles of justice and peace, he said.

We must maintain, nourish, and pursue that objective, despite difficulties and circumstances, Caldera said. Reaffirming his conviction in democratic governability, he said that "because we believe in it, we are willing to face all the adversities and to carry out all the necessary efforts to build a firm and solid democracy." [passage omitted]

Venezuela: Defense Minister on 'Threat,' Army Operations

PA0204224296 Caracas Venezolana de Television Network in Spanish 1530 GMT 2 Apr 96

[Interview with Defense Minister General Moises Orozco Graterol by Fernando Porte at the Miraflores Palace in Caracas on 2 April — recorded]

[FBIS Translated Text] [Porte] It is now 1145 on Tuesday, 2 April. We are here with Defense Minister General Moises Orozco Graterol, who has just met with President Rafael Caldera. He will inform us about the reports that are being published in several newspapers in the country and by certain international news agencies about a great deal of money being offered, $2 million being offered for your head. What do you think about all this? What can you tell us about this?

[Orozco] I have no information about any documents or about any report confirming that offer for my head. As I have said, if this were to happen, it would be due to the actions carried out by the Armed Forces at the border. We are willing to maintain that position. We are not going to be frightened, and we are not going to be pressured by that offer or by that threat. I believe we, military officers, have proven that we are even willing to give our lives for our country, if necessary. I believe it is necessary to be serious at this time, and we need to put an end to the actions carried out by criminals at the border. I believe we have demonstrated it during the incidents that have taken place in the last few days.

[Porte] Minister, as for the geopolitical situation and the relations between Colombia and Venezuela, we realize that following the latest incursions of the Venezuelan Armed Forces into Colombian territory or in border regions, so as not to create conflicts, our Armed Forces have been successful. In view of recent events, it would seem that military intelligence is working and that certain operations are proving successful. I would like you to speak on this aspect, because it would seem that the Armed Forces are cooperating with people who do not belong to the Armed Forces to achieve positive results in these types of actions against irregular groups at the border.

[Orozco] That is true. Our intelligence systems are working. We are getting the citizens' cooperation, especially cattle ranchers. They have cooperated very much. They have given us the right information at the right time so we could take action. The alarm network has worked, and we have been able to conduct operations as soon as a kidnapping is reported by which we have attained the success you are talking about these days.

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[Porte] We thank the defense minister. Those were statements made by Defense Minister Moises Orozco Graterol, who will continue his activities before proceeding with his work agenda.

Venezuela: Government Holds Meeting To Resolve Strike

PA0304035396 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 2 Apr 96 p 2

[Report by Carolina Hidalgo]

[FBIS Translated Text] After the unions rejected the second offer presented by the government over the weekend, President Rafael Caldera yesterday convened an emergency meeting to analyze new options to resolve the conflict that has halted basic education.

"Zero hour" has arrived for the members of the economic cabinet who must find the money one way or another to resolve the labor conflicts before the increase in fuel prices is announced and the other economic measures are implemented.

It has been unofficially reported that the offer to the teachers will be considerably improved, because President Caldera is convinced classes must resume very soon and the country must be at peace for the announcement of the new economic package.

The meeting was attended by Education Minister Antonio Luis Cardenas — who urgently wants this approximately month-long labor conflict to end — Finance Minister Luis Raul Matos, Planning Minister Teodoro Petkoff, Labor Minister Juan Nepomuceno Garrido, and Central Personnel Office Chief Alejandro Arratia.

Although no official statement was issued on the possible proposals being discussed, what is certain is that the ministers involved in the problem are working hurriedly to come up with a proposal that will satisfy the unions and that is in line with the budget capacity of the state at this time when the public coffers are empty, because all resources have been committed after the budget was extended. Therefore, any proposal must first get congressional approval through an additional credit, because such funds are not included in the 1995 budget, which is in effect until December 1996.

There was no clear proposal yesterday after several hours. As a result, the decision of the technical commissions, formed by members of the cabinet and legislators of the Finance Committee, was being awaited.

Msgr. Ignacio Velasco, spokesman of the meeting and mediator in the talks with the teachers, said at the end of the meeting that between today and tomorrow the government will present the new offer to the unions and the hope is that it will be a definitive offer.

"I need to have clear proposals and counterproposals, and these are not ready yet. I am talking with the ministers of the economic cabinet, the education minister, and all those involved in this issue, and as soon as we have something concrete, a new meeting will be held. I had thought it would be held this afternoon (yesterday), but we are still talking with the economic cabinet ministers, so the meeting might be tomorrow or the next day at the latest."

Higher Education

Another approaching conflict involves the higher education sector. The university professors and employees are demanding the fulfillment of promises made some five years ago. President Caldera commissioned Planning Minister Petkoff to participate in these talks, and the minister has been meeting with the unions since yesterday afternoon.

Venezuela: President Promotes Professionals Into Reserves

PA0204143196 Caracas Venezolana de Television Network in Spanish 0230 GMT 30 Mar 96

[FBIS Translated Text] President Rafael Caldera has attended a ceremony at Paseo Los Proceres honoring 21 professionals who have been promoted to the rank of army reserve sublieutenant. President Caldera, the Venezuelan Armed Forces commander in chief, and the military high command presided over the ceremony. This is the fourth promotion of army reserve officers. The army already has eight units of this type, which cover a large area of the national territory. Defense Minister General Moises Orozco Graterol expressed his satisfaction with the incorporation of professionals and technicians from the most varied branches of human knowledge into these reserve units. The president congratulated the graduates and members of the other forces who were decorated:

[Begin Caldera recording] These reserve officers have been promoted in the Venezuelan Army, which is a forger of freedom. In these officers, we should see all those who have served or are serving in the Armed Forces with pride and patriotic allegiance. [end recording]

The Armed Forces' Social Security Institute and the Urban Development Fund signed a housing agreement on Reservists Day:

[Begin Urban Development Minister Francisco Gonzalez recording] We will begin construction in garrisons far from urban centers, where the housing problem for officers and noncommissioned officers is more serious. [end recording]

At a time when our country demands the unity of all sectors, this promotion of reservists is a cause of pride for the Venezuelan Armed Forces, made up of men who, regardless of (?race) or rank, have only one purpose in mind: to serve Venezuela.

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